

UNEMPLOYMENT:

**MUDDLED
OR
MANAGED**

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Unemployment: Muddled or Managed

A Brotherhood of St Laurence
Social Action Study
by David Griffiths
Social Policy Officer

Brotherhood of St Laurence
Melbourne, Australia

An explanatory note

The term manpower is used throughout this publication for reasons of convenience and intelligibility rather than acceptance of any assumptions about 'man' power.

Unemployment: muddled or managed? : A
Brotherhood of St Laurence social action



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1.

INTRODUCTION

Australia has an unemployment problem. The unemployment rate hovers between 6% and 8% — a level inconceivable five years ago. The unemployment rate is now comparable with such traditional high unemployment countries as the U.S.A. and Canada. It appears that what was inconceivable five years ago is tolerable today, and the consequences of this toleration is hardship for the unemployed and their families.

Since 1972 Australia has had a problem of increasing unemployment. The number of unemployed has increased from 99,201 in June 1972 to 393,842 in June 1978 — a 297% increase. With increasing unemployment, there has been an increase in the number of people receiving unemployment benefit. The number of people receiving benefit has increased from 41,842 in June 1972 to 286,091 in June 1978 — a 588% increase.

Indications are that high unemployment will remain into the 1980's and that, therefore, the benefit "burden" will continue for this period. But, the financial cost of unemployment is not only in terms of unemployment benefit payments but also in the economic cost to society of workers who are not allowed to contribute to productivity and economic growth. Workers also who, if they were working and receiving wages, would be paying taxes and therefore adding to the revenue of the State. As most of the unemployed are unskilled and semi-skilled, their unemployment has far more serious economic consequences than the unemployment of the skilled and professional workers. This is because the unskilled and semi-skilled are on relatively low wages when employed, are unable and unlikely to save, will spend all their income on basic goods and will therefore contribute to demand and help provide that demand that is essential for economic recovery.

At present, not enough additional jobs are being created for new entrants to the labour force. Normally, there is an annual growth in employment. Between 1971 and 1976, 427,000 additional jobs were created — an average of 85,4000 per annum. Between 1976 and 1981 the Australian labour force will grow by about 650,000. New entrants will be competing with the 300,000+ already unemployed. So, if this growth rate persisted there would be 500,000 unemployed at the end of 1981. To eliminate unemployment and absorb new entrants to the labour force it is necessary to create at least 170,000 additional jobs each year. Between February 1977 and February 1978, however, the total number of jobs decreased from 5,985,200 to 5,932,300 — a decrease of 42,900.

These figures are complicated by the number of discouraged workers. Discouraged workers have withdrawn from the labour force because of the shortage of jobs. Because they have stopped looking for jobs they do not count as unemployed. But, if and as jobs become available discouraged workers will re-enter the labour force and compete with the unemployed and new entrants for jobs. Thus there is no guarantee that additional jobs will in fact go to the unemployed and new entrants.

There are three interdependent causes of unemployment:

- Short-term insufficient aggregate demand;
- Structural change; and
- Long-term insufficient aggregate demand.

Australia is experiencing a very severe structural unemployment situation. Structural unemployment occurs when the unemployed are unable or unwilling to meet the existing demand for labour. Primarily, however, people who are structurally unemployed:

- lack the skills or experience required by employers;
- live in areas which offer few job opportunities; and
- work in occupations or areas adversely affected by either technological change or changes in demand.

For the structurally unemployed, it is necessary to either change the nature of production or for those persons to acquire new skills, change their residence or occupation and so on. In a situation of insufficient aggregate demand, however, there is an overall shortage of jobs.

Until recently, there has been very little structural unemployment in Australia. With the current economic recession the situation is changing rapidly. While the shortage of vacancies has primarily been because of an insufficient aggregate demand for labour, the effect of the recession has been to increase pressures for technological change as employers have sought to increase productivity and lower costs to remain competitive. What is initially a problem of insufficient aggregate demand is changing for many of the unemployed into structural unemployment. The indicators are that even with a pick-up in aggregate demand many of the unemployed will remain unemployed.

Throughout the years there has been a relative decline in unskilled and semi-skilled occupations. This has been accelerated by the current recession. Decreasing numbers of unskilled and semi-skilled unemployed workers means that a very serious structural unemployment situation is developing. Therefore, the stimulation of aggregate demand by itself is insufficient for many of the unemployed.

The significance of long-term insufficient aggregate demand is that, under existing policies and structures, the pick-up in demand may never be sufficient to enable all those who want to work to work. Factors that turn this short-term problem into a long-term problem could include community disenchantment with perceived costs of uncontrolled economic growth, increasing commitment to simpler life styles and increasing employer preference for capital rather than labour investment. If there is long-term insufficient aggregate demand, an analysis that concentrates on structural unemployment seriously underestimates the problem. People who argue that high unemployment is inevitable and permanent are, in effect, arguing this long-term insufficient aggregate demand position.

2.

MUDDLING THROUGH

Australia is muddling through its unemployment problem. This concept of muddling through reflects not so much an unintentional, incoherent and inconsistent policy but rather a chosen preference for pragmatic and piecemeal policies which avoid hard analysis, choices and decisions.¹

The Australian Government's response to the unemployment situation is to argue that the 'basic premise' of its policy is 'that control of inflation is fundamental to the achievement of other economic policy objectives, including the restoration of full employment'. The Government distinguishes between, and claims to treat differently:

- generally high levels of unemployment due essentially to the impact of the current recession; and
- issues of a longer-term nature related to improving the efficiency and operation of the labour market.

The response to the first problem has therefore been to seek to counter the perceived causes, rather than to threaten the basic strategy for economic recovery by implementing large scale and inflationary job creation, or subsidisation measures. This has not precluded, however, measures designed to assist those groups most severely affected in the current circumstances — these of course include young people.²

The Government has argued that 'the main factors contributing to the high level of youth unemployment' are:

- the relatively slow growth in aggregate demand and the fact that juniors tend, when demand is weak, to experience a loss of job opportunities on the 'last on, first off' basis;
- a relatively high rate of entry of teenagers onto the labour market;
- the rapid growth in the level of junior wage rates relative to labour productivity changes.³

In approaching the longer-term issue of improving the efficiency and operation of the labour market, the Government has directed its efforts towards developing manpower programs aimed at enhancing labour mobility (on an occupational and geographic basis), upgrading skill levels in the labour force, improving the operation of the Commonwealth

1. Dilys Hill, *Ambiguity and the Political System I The Art of "Muddling Through": Policy-making and Implementation in the field of welfare II The American Political System and the Innovative Power of "Mild Chaos"*, Institute for Research on Poverty, Discussion Papers, University of Wisconsin, Madison, 236-74, December 1974.

2. 'High Level Conference on Youth Unemployment', Item 4, in *Country Position Papers, Australia*, December 1977, OECD, p. 7.

3. *ibid*, p. 4.

Employment Service and adding to the statistical base used for making policy assessments.⁴

Views on the Government's policies vary. As the inflation rate has reduced since 1975, it is argued that the policies are working. Even opponents of the Government's policies are forced to concede the Government's apparent success in lowering the inflation rate. Although the inflation rate has decreased the unemployment rate has increased. But then it is argued that there is a difference between the long-term and the short-term and that substantial reduction in the numbers of unemployed depends on a long-term reduction in inflation. Some economists, for instance, expect Australia's inflation rate to fall to 5% or 6% eventually, and that this will then provide the necessary stimulus for creating permanent employment opportunities.

Other people, however, take a more pessimistic view and argue that the shortage of jobs is long term, that society will never be able to provide enough jobs for everyone who wants to work and that the reduction of inflation will not substantially reduce unemployment. This is because under-utilised present productive capacity will be increased as demand increases. Furthermore, if there is a demand for labour, formerly discouraged workers will re-enter the labour force and compete with the present unemployed. This assessment is complicated by the definition of the labour force. Quite obviously, the number of people considered as having a right to work increases the number of necessary jobs.

Whether the prediction about unemployment is optimistic or pessimistic, most people would agree that the social cost of unemployment and the Government's economic policies has been poverty for many of the unemployed. The same could be said about the social cost of the economic policies of the U.K. Labor Government. But, then, in defence of both Governments it is argued that the social cost of uncontrolled inflation would be even greater.

It is very difficult for the public to assess the relevance, purpose and effectiveness of the Government's manpower programs. A useful approach is to compare Australia's programs with those of other Western market economies. This avoids ideological controversies and enables a comparison of the programs of different governments who all share a belief in the desirability of market economies. That it may not be possible to eliminate unemployment from market economies is discussed after the detailed analysis of manpower programs. In the meantime, in recent years all the OECD countries have experienced:

- unusually high levels of unemployment. The problems are serious and their character is rapidly evolving. Many of the measures and policy solutions being adopted are new. There is consequently a need for a comparative analysis of experience among member countries with a view to judging the effectiveness of the measures adopted and the

4. *ibid*, p. 7.

policy strategies of which they are a part; and assessing experience in their use as a basis for making changes.⁵

It is relevant, then, to compare how the OECD countries have defined the unemployment issues, discuss the effectiveness of the Australian Government's manpower programs in reducing the social cost of unemployment, how these programs have helped Australia's unemployed manpower and the contribution of manpower programs and policies in eliminating unemployment. The purpose of this publication is to suggest a basis for determining the relevance, purpose and effectiveness of Australia's manpower programs.

Numbers of People Assisted by Australian Government Manpower Programs

	People assisted during 1976/77	People likely to be assisted during 1977/78
Apprenticeship assistance	24,000	34,000
SYETP (a)	15,000	45,000
CYSS (b)	12,000	30,000
NEAT (c)	19,000	40,000

(a) SYETP = Special Youth Employment Training Program.

(b) CYSS = Community Youth Support Scheme.

(c) NEAT = National Employment and Training Scheme.

While the statistics are deceptively impressive, the unemployed who are benefitting from manpower programs need to be related to the number of unemployed. It has been estimated by the Department of Employment and Industrial Relations, for instance, that during 1977 there were 52,000 young people aged 15-19 years eligible to receive assistance under the SYETP. Beyond this quantitative issue, is the qualitative issue -- the nature, objective and consequence of manpower programs.

Having briefly surveyed the Australian Government's broad approach to the unemployment issue, the rest of this book will examine the policy in practice as expressed through various manpower programs. These will be compared with the manpower programs of other OECD countries.

5. 'High Level Conference on Youth Unemployment, Item 5, Review of Experience with National Measures' (notes by the Secretary-General), OECD, 9 November, 1977, p. 1.

The Brotherhood of St Laurence is currently undertaking a further study which focusses on issues of access of disadvantaged groups to manpower programs. In this study a further review will be made of the various programs taking into account both more recent material now available and discussions with persons involved at all levels of the delivery of these programs. Because this new study will examine manpower programs from a different perspective than this book and because it is being undertaken by a team, it is possible that some conclusions made here on specific programs may be modified.

After the discussion of manpower programs, the book goes on to discuss the broader context that determines the relevance of manpower programs — manpower planning, economic planning and private enterprise. The specific discussion of manpower programs argues that these programs reflect and reinforce the failure to understand this broader context. While the specifics of the programs may have changed since the material for this book was collected and written, the general arguments about these specifics remains relevant.

3.

JOB CREATION: SUBSIDISING WORKERS AND WORK

There is much confusion about the term 'job creation' and, therefore, it is important to be quite precise in what is meant when the term is used.

A job creation program is one that enables the employment of labor additional to the total number of employed who would otherwise not be employed.

OECD countries are pursuing two major policies in attempting to create jobs. The first is through a scheme of subsidies, by which employers have the wages of new workers subsidised for a specific period. The second is through the funding of specific projects sponsored by private and public organisations. In the first, workers are subsidised. In the second, work is subsidised.

Many OECD countries are providing subsidies to enable private enterprise to maintain or hire workers. The form of such subsidies is either payments to the employer or exemption from payroll taxes and social security charges. The OECD argues that job subsidies increase employment and reduce inflationary pressure because public expenditure on the subsidies is offset by created output and income, increased tax revenue and decreased benefit payments.¹

Within the National Employment and Training program Australia has a job subsidy program — the Special Youth Employment Training Program (SYETP) which at the end of July 1978, accounted for 36,891 of NEAT Trainees, 73% of all Trainees. Under SYETP employers are paid \$45 a week or the award rate, whichever is lower, for a four month period for every young person 24 years and under who is employed. To be eligible for the scheme young people must have been registered with the Commonwealth Employment Service and have been unemployed for four months out of the past twelve months.

There are two critical concerns with a job subsidy scheme — permanent subsidisation and worker substitution. Permanent subsidisation occurs if the employer becomes dependent on the subsidy to retain workers when the objective is to facilitate the permanent employment of the subsidised workers. In each OECD country the subsidy period differs:

Australia	4 months
France	up to 12 months
Ireland	6 months
Germany	6 months
Norway	3 months
Netherlands	up to 12 months
Sweden	3 to 6 months
U.K.	up to 26 weeks

1. 'High Level Conference on Youth Unemployment', Item 5, Review of Experience with National Measures, 9 November 1977, OECD.

While the subsidy period differs in length, all the subsidies are paid for limited time periods to avoid permanent subsidisation. Unfortunately, there are increasing indications in Australia that employers are becoming dependent on the subsidy. Two separate surveys of the SYETP scheme, have shown that increasingly less subsidised workers are remaining with the subsidised employer after the subsidy period.²

The first survey was undertaken six months after the scheme began and concluded that 70% of young people completing training under SYETP had found permanent jobs. The second survey, undertaken between October and December 1977, concluded that 59% of young people completing training under SYETP had found permanent jobs.³

A complementary problem is worker substitution. Worker substitution occurs when new jobs are not being created. The OECD believes that it is important to ensure that the result of the job subsidy is to increase jobs and not subsidise jobs that would have existed anyway. To counteract this substitution effect, Ireland has a requirement that the personnel of an enterprise receiving the subsidy must be greater than in January 1977. To receive a subsidy in 1977 French enterprises had to maintain at least, the average level of personnel in 1976. Australia has made no such requirements for the SYETP and as a consequence:

- Most of the vacancies lodged to attract SYETP trainees arose mainly due to staff turnover and business expansion. Only two employers stated that they created vacancies specifically in response to the program.⁴

It is not possible to be definite about the long-term effect of employment subsidies. The OECD has admitted that it is too early to determine whether or not employment subsidies are going to those industries most likely to expand in the future.⁵

While Australia does not favour direct job creation, many OECD countries adopt a different view. OECD countries which create jobs in the public sector are Denmark, Finland, Luxembourg, the Netherlands, Norway and the United States. Other countries have introduced programs which create employment through the provision of community

2. G. Hywood, 'Job Subsidy Crackdown' in: *The Australian Financial Review*, No. 4409, 7 June 1978, pp. 1 and 41. Until the Commonwealth Budget, presented on 15 August 1978, the subsidy was \$67 a week for a six month period.

3. G. Hywood, 'Youth Training Scheme Hits Snag' in: *The Australian Financial Review*, No. 4386, May 4, 1978, pp. 1 and 6.

4. *NEAT Special Youth Employment Training Programme - June 1977 Report*, Department of Employment and Industrial Relations, Training Operations Branch, p.4.

5. *High Level Conference on Youth Unemployment, Item 5, Review of Experience with National Measure*, 1 November 1977, OECD, p.6.

service in response to urgent social needs in fields such as health, social services, adult education and environment protection. ⁶ Unlike job subsidies, direct job creation typically involves the funding of projects. An example of this is Australia's Regional Employment Development Scheme (RED). Under RED, community groups and other organisations were encouraged to put forward projects which would employ people who would otherwise be unemployed.

The need for public sector job creation has not always been acceptable by governments in those countries pursuing such policies.

In the U.S.A. throughout the 1960's job creation proposals were opposed as repetition of the 'leaf raking' philosophy of the 1930's. In 1971 and in 1973 the U.S.A. Government did provide for modest job creation programs. In December 1974 the U.S.A. Congress provided for the creation of 260,000 new public service jobs. In 1978, however, President Carter plans to create 1.4 million public service employment jobs.⁷ In the U.K. it was not until 1975 that the Government finally endorsed job creation.

In August of that year the Government provided \$30 million for job creation programs.⁸

United States of America

In the United States, the Young Adult Conservation Groups and the Youth Community Conservation and Improvement Program aim to create jobs in environmental protection, restoration, urban rehabilitation and energy conservation for about 80,000 unemployed youth.

Currently the U.S.A.'s President Carter has proposed an overhauled welfare system which includes expending \$8.8 billion on creating up to 1.4 million public service jobs for adult workers with children. Most of these jobs will pay the minimum wage. Although the envisaged program is more extensive than any job creation program existing in other OECD countries, it is quite selective. Those eligible for the jobs will be adults — one per family — who will be placed in an 'expected to work' category. They will only be given a job if they are unable to find a regular private or public sector job with or without the Labor Department's help.

6. *Communiqué*, Press/A (77) 60, OECD, 16 December 1977, p.3.

7. E.H. Ginzberg, 'The Job Problem' in: *Scientific American*, Vol. 237, No. 5, November 1977, p. 43.

8. *Minutes of evidence taken before the expenditure committee*, 9 March 1977, p. 108.

Mothers without husbands (or fathers without wives) whose youngest child is between 7 and 14 years will be expected to work part-time, while such parents whose youngest child is over 14 will be expected to work full time.⁹

United Kingdom

In the United Kingdom, the Manpower Services Commission plans that up to 230,000 unemployed youth will be given either work experience or training under £160 million Youth Opportunities Program. The program will be fully operational by September 1978. There will be a maximum of 130,000 places on the program with opportunities for more than 230,000 young people.

In the program it is envisaged that work experience and training will be combined. The work experience courses will last for up to 12 months. Young people will be paid an allowance of £19.50 a week. There will be provision for education and training in the work experience program.

Part of the job creation program will be that 8,000 places will be found for unemployed adults as supervisors and instructors on work experience schemes. There will also be a Special Temporary Employment Programme (STEP), which will provide temporary employment opportunities of up to 12 months for those aged 18 years and over. Twenty five thousand places will be provided under this scheme, and they will go to groups who have been particularly hard hit by the current recession. Adults under the two schemes will be paid the rate for the job subject to a defined maximum.¹⁰ About 28 of the job creation projects have been in the private sector¹¹ — and 357 of the projects have been run by voluntary agencies.¹²

The U.K. also has a program entitled Community Industry. Introduced in 1972, Community Industry selects the most disadvantaged and difficult to employ amongst unemployed young people. There is strict control over the selection of projects and an attempt is made to match projects with groups of unemployed. Funded by the Government, the

9. *The Program for Better Jobs and Income — a Guide and a Critique*: A study prepared for the use of the Joint Economic Committee, Congress of the United States, U.S. Government Printing Office, Washington, 1977.

10. 'Employment Minister Announces New Employment Scheme' in: *Department of Employment Gazette*, Vol. 85, No. 7, July 1977, pp. 690-1.

11. 'Questions in Parliament' in: *Department of Employment Gazette*, Vol. 86, No. 1, January 1978, p. 50.

12. 'Questions in Parliament' in *Department of Employment Gazette*, Vol. 85, No. 12, December 1977, p. 00.

program is run by voluntary bodies. More than 11,000 young people have been employed since the introduction of the scheme. Although young employees are not supposed to be employed for more than a year, this is interpreted flexibly. For 1977-78 an amount of \$10,704,000 was set aside for Community Industry and for 1978-79 \$12,204,000 has been set aside. The scheme is targeted on disadvantaged young unemployed. They work in groups of 8 to 10. Most of the work undertaken is in building, decorating and landscaping.¹³

Canada

Canada has three different job creation programs which meet the needs of different groups of people. A Canada Works Program utilises 'The expertise of local organisations in the development of proposals that will create new short-term employment opportunities and to counter cyclical, seasonal and geographic unemployment rates by funding job creation projects.' The program has been allocated \$253.6 million for the fiscal year 1977-78. Canada also has a Local Employment Assistance Program which creates 'employment opportunities that will contribute to the ongoing self-sufficiency of particular target groups and/or communities.' An allocation of \$23 million has been established for the 1977-78 fiscal year. Canada also has a Young Canada Works Program which aims 'to reduce student summer unemployment and to facilitate students' future access to the labour market by enabling them to test possible career interests and to obtain practical experience in a variety of occupational fields' \$50 million was allocated for 1977-78. It was anticipated that this would provide jobs for 32,000 students.¹⁴

Much of Canada's job creation has been community service work. The difficulty with community service, however, is:

- that the work done by the participant is not necessarily typical and so the fundamental long-term solution to the problem of youth unemployment may merely be postponed. Accordingly, some countries are considering how to prevent such programs from becoming merely an alternative to income support, by introducing a period of initiating to more normal working conditions for example.¹⁵

13. 'Questions in Parliament' in: *Department of Employment Gazette*, Vol. 85, No. 12, December 1977.

Colin Ball, *Community Service and the Young Unemployed*, The National Youth Bureau, Leicester, November 1977, p. 11.

14. *Inventory of Measures Concerning the Unemployment of Young People*, OECD, 23 November 1977, pp. 26-7 and 32.

15. 'Youth Unemployment', in *The OECD Observer*, No. 90, January 1978, p. 11.

Australia

In recent years Australia has attempted public works type job creation programs. In the recession of 1970-71, the Liberal Country Party Government introduced an unemployment relief scheme with provided short-term employment for unemployed workers in non-metropolitan areas. In September 1972 there were 15,000 people employed under the scheme. The 1972 budget included an estimate of \$72 million for unemployment relief in 1972-73. This scheme was phased out because the employment situation was thought to be improving. The Liberal Government announced its intention to phase out the scheme and this intention was executed by the Labor Government elected in 1972.

In the recession of 1974, the Labor Government introduced the Regional Employment Development Scheme (RED). At the end of July 1975 there were 31,969 people employed under RED. The Labor Government planned to phase out RED and after the election of the Liberal-National Country Party Government in December 1975, the scheme was duly ended.

An evaluation of RED prepared by the Department of Employment and Industrial Relations concluded:

- This Evaluation recommends that a future scheme of public sector job creation be aimed at alleviating structural unemployment, for reducing unemployment where it is excessively high and for assisting particular target groups such as the long-term unemployed. However, it is recommended that such schemes not be used as major weapons in an anti-recession policy.

Public sector job creation schemes are useful in the fight against structural unemployment — they can provide much needed time for workers to assess their position in the labour force, whilst simultaneously allowing time for the interplay of alternative manpower programs where they operate; or, in addition they can provide employment for persons until such time as the industry which has been affected by structural change can adapt to the changed circumstances.¹⁶

While the current Australian Government is opposed to introducing a job creation program, the South Australian Government has had such a scheme since 1971, the State Unemployment Relief Scheme (SURS). Since the beginning of 1977 and up until October 21, 1977, 4905 people had been employed at some time or another under the scheme; 1120 left the SURS scheme for permanent employment.¹⁷

16. *Evaluation of the Regional Employment Development Scheme*, Manpower Evaluation and Review Branch, Part 11, August 1976.

17. Barry Hughes, 'Youth Unemployment: The South Australian Perspective' in: Ronald Henderson (Ed.) *Youth Unemployment*, Academy of the Social Sciences in Australia, Second Symposium 7 and 8 November 1977.

4.

TRAINING SCHEMES

In Australia the National Employment and Training Scheme (NEAT) has three objectives:

- to alleviate unemployment by providing training to meet labour market demands;
- to assist in the long-term restructuring of the workforce by increasing the general level of skills;
- to serve the social needs of the community by means of special assistance, guidance, remedial training and other measures designed to aid the removal of inequalities.

NEAT was introduced in October 1974. Various ad hoc training schemes preceded NEAT.¹ Since October 1974 modifications have been made to the original eligibility criteria of NEAT with the stated objective of ensuring that assistance is directed primarily to those who are considered to be particularly disadvantaged in their efforts to find employment.

NEAT provides assistance to those who are unemployed or who are at risk of losing their employment and do not have reasonable prospects of obtaining employment without training. Persons seeking assistance under NEAT must be registered with the C.E.S. for employment. The training and employment prospects of such persons are then examined in the light of their present skills and their employment goals.

Training under NEAT may be full-time or part-time and may be carried out at training institutions; by correspondence; in industry or commerce by arrangement with employers; or by professional or private organisations.

Training can be off-the-job, on-the-job or a mixture of the two. Off-the-job training involves formal courses conducted primarily by educational institutions. On-the-job training involves training which can be learnt on the job such as learning how to operate a machine.

Full-time trainees under NEAT may receive a taxable allowance comprising a basic component (equivalent to Unemployment Benefit) and a training component which is 20% of the Male Average Adult Award Age (MAAAW). The basic component is subject to an incomes test and the training component is not paid where the joint husband/wife income exceeds 1½ times the MAAAW. From January 1, 1978 the subsidy for on-the-job trainees was \$55 for adults and \$40.50 for juniors. At the end of July 1978 there were 50,487 trainees.

Training, retraining and pre-training programs are an effective part of a manpower policy that attempts to maximise the human resources of a country. The 25,544 people being trained under NEAT in September 1977 is a significant increase on recent years, as the following statistics

1. *Australian Labor Market Training, May 1974*, Report of the Committee of Inquiry into Labor Market Training, AGPS, Canberra, 1974.

indicate: 14,115 in September 1975 and 7,958 in August 1976.

Unfortunately, a minority of the unemployed is receiving training. Approximately 1% of the labor force is being trained. In Sweden the figure is closer to 3% and in Canada it is 2%. If Australia was only training 2% of its workforce at any given time the numbers in training would be 100,000 instead of the present 50,487.

While the Government has indicated an "open cheque book" approach to NEAT, the estimated allocation for 1977/78 was \$54,300,000 and the actual expenditure was \$84,900,000. It was expected that there would be an average of 16,000 on-the-job trainees during the year and that some 3,000 would require assistance with formal training at any one time.

A Department of Employment and Industrial Relations survey of 819 formal and 276 in-plant NEAT trainees in Victoria found that at the time of the survey:

- of those formally trained, 59.4% of the metropolitan and 69.4% of the country trainees were employed;
- of those in-plant trained, 80.6% of the metropolitan and 80.8% of the country trainees were employed.²

In the United States of America, the National Council on Employment Policy has concluded that the benefits of training exceed costs. Examining nine reviews of training programs, it concluded that there was a return for all in excess of twenty.³ In a review of 210 evaluative studies of United States manpower programs, Perry, Rowan, Anderson and Northrup concluded that in their immediate post-training period trainees were earning higher average annual earnings than before their training.⁴ Similar positive results were reported by an Australian Interdepartmental Mission which studied overseas manpower programs.⁵

2. *Survey of NEAT trainees*, Victorian Region, July to December, 1975.

3. *The Impact of Employment and Training Programs*, National Council on Employment Policy, November 1976, p. 7.

4. C.R. Perry, R.L. Rowan, B.E. Anderson and H.R. Northrup, *The Impact of Government Manpower Programs in General and on Minorities and Women*, Industrial Research Unit, The Wharton School, University of Pennsylvania, p. 36.

5. *Report of Australian Interdepartmental Mission to Study Overseas Manpower and Industry Policies and Programs*, March 1974, AGPS, Canberra, 1974, p. 72.

As the following table illustrates, in Australia there has been a dramatic increase in the number of NEAT trainees:

Table 2:
Numbers of Persons in Training, Australia

	July 1978	July 1977
Full-time	4,433	4,144
Part-time	266	412
Correspondence	27	48
On-the-job		
Non SYETP	8,870	7,475
SYETP	36,891	8,518
TOTAL IN TRAINING	50,487	20,597⁶

According to employers, Australia has a shortage of skilled tradesmen. Employer groups argue that unless there is immigration of 'skilled tradesmen and women NOW from overseas, the future of Australian industry and our whole economy will be in jeopardy'.⁷ Australia is losing about 116 skilled tradesmen and women each working day.⁸ In 1971 there were 1.3 million skilled tradespeople, but by 1975 this had decreased to one million.⁹

In 1975-76 the number of new indentures registered throughout Australia was 35,796 — compared with 42,437 registered in 1973-74. These statistics take on added significance when compared with the number of indentures cancelled — 7,008 in 1975-76 compared with 5,643 in 1972-73. Because of the economic recession, not only are less apprentices being registered, but more apprentices are having their indentures cancelled.¹⁰

6. Department of Employment and Industrial Relations, National Employment and Training System, Operational Statistics.

7. 'Reduce Unemployment by Increasing Immigration' in: *Employers' Report*, Vol. 7, No. 44, 18 November, 1977.

8. 'Manpower Planning Policy Well Overdue' in: *Employers' Report*, Vol. 8, No. 8, 10 March, 1978, p. 1.

9. Ibid.

10. *Essential Features of Australian Apprenticeship Systems*, Department of Employment and Industrial Relations, AGPS, Canberra, 1977.

In 1974 the Apprenticeship Commission of Victoria estimated that an intake of 15,000 apprentices would be required in that year to replace skilled retirees and to allow for reasonable growth. On then existing indicators the actual level of intake would be 20-25% below this figure.¹¹

The indicators were confirmed, and the actual intake in Victoria in 1973-74 was 11,022. Although this was an all-time record intake, it was well below the desired figure of 15,000. Four years later the situation has not improved. In 1976-77 the intake was 10,241. The intake for 1977-78 was 13,763. So, the situation in 1978 is basically the same as in 1974. This is despite new initiatives by the Federal Government to increase the apprenticeship intake. Under the Commonwealth Rebate for Apprentice Full-Time Training, employers who release apprentices for basic trade technical education are eligible for a rebate.¹²

These statistics understate the situation. This is shown in the difference between approved applications for apprenticeships and the actual number of indentured apprenticeships. After a three month probationary period, the apprentice and the employer sign an indenture. Under this contract, the employer agrees to teach the apprentice and release him to attend technical school, in return the apprentice agrees to work for the employer for a specified period.

In 1977 the total number of applications approved for apprenticeships in Victoria was 17,273. But the total number of apprentices indentured was 10,241 — a difference of 7,032. In 1971, 86% of all approved applications gained indentured employment. In 1976, 63% gained indentured employment. In 1977, 59.6% gained indentured employment. The Industrial Training Commission in Victoria has explained this difference between the number of approvals and the number of indentures as due to:

- 20% loss during probationary period;
- some don't take up the apprenticeship;
- others find other jobs;
- there were no jobs to be found for the rest.¹³

11. *Australian Labor Market Training*, Report of the Committee of Inquiry into Labor Market Training, AGPS, Canberra, 1974, p. 29.

12. *Craft Technical Education Rebate*, Commonwealth Employment Service, February 1978.
'Craft Rates for 1978' in: *Commonwealth Record*, 13-19 February, 1978, p. 118.

In 1978 the rebate is \$12 a day for stages 1 and 2 (and for stages 3 and 4 where applicable, if completed in the first year of apprenticeship) and \$16 a day for stages 3 and 4 if completed in a subsequent year. There is also a rebate for travel. There is an off-the-job training rebate of \$6 per day. Living away from home allowances are \$19.80 per week for first year apprentices and \$7.60 per week for second year apprentices.

'Major Boost for Apprenticeship' in: *Australian Training News*, No. 14, May 1977, pp. 1 and 6.

There are differing views, however, on the shortage of skilled tradesmen. Employers have been challenged by the Department of Employment and Industrial Relations to specify their skilled vacancies, yet somehow this has proved too difficult for most employers.

The following statistics of unemployed persons and unfilled vacancies registered with the C.E.S. indicate the questionable nature of the skill shortage — at least in the short term.¹⁴

Table 3:

Selected Skilled Unemployed by Vacancies in Australia, May 1978

Skill Classification	Unemployed	Vacancies
Skilled building and construction	M 17,609 F 8	673
Skilled metal and electrical	M 18,504 F 56	1,999 6
Other skilled	M 5,876 F 918	506 43

The Department of Employment and Industrial Relations has noted, for instance, that the following skilled tradesmen are in a situation of over-supply — electrical mechanic, linesman, carpenter, tiler, plasterer, and rigger.¹⁵

In denying that there is a current shortage of tradesmen, the Department has noted that the "maintenance and improvement of the stock of tradesmen is more than a matter of adequate numbers in training and practising their skills. It requires attention be given to the quality of training in the education of the tradesmen".¹⁶

13. 'Apprenticeship' in: *YCW*, September 1977, pp. 11-13.

14. *Monthly Review of the Employment Situation*, Department of Employment and Industrial Relations, May 1978. Skilled Unemployed are not necessarily skilled tradesman.

15. 'Employment prospects by industry and occupation: A labor market analysis, Manpower Programmes Section, Department of Employment and Industrial Relations, August 1978, p. 15.

16. *Ibid*, p. 18.

5. SUPPORT SERVICE

As youth unemployment rates have increased, the search for jobs has become longer and more complex. In consequence, information and counselling services have been extended and expanded.

Australia's Community Youth Support Scheme provides a unique program unparalleled by other OECD countries today.

The Community Youth Support Scheme (CYSS) was introduced in November 1976. It is administered by the Employment and Industrial Relations. The scheme recognises that young people experiencing period of unemployment at a time when there is a shortage of jobs may need support or assistance. The form in which this support may be offered varies according to the perceived needs which these young people have. Organisations and groups within the community are encouraged to seek funding to run programs and services for young unemployed people. Originally the scheme is designed to complement other Commonwealth Government employment training programs.

CYSS is not a job creation program, nor is it meant to be a means of getting jobs done for organisations who need free labor. Any project, which involves young people in activities for which a wage is normally paid, is not supposed to be funded under the scheme. But then, voluntary work is encouraged.

Any young person up to 25 years of age registered with the Commonwealth Employment Service is eligible to participate in projects funded by the scheme. Participation in projects by the young unemployed is voluntary and not necessarily full-time. Young people participating in the scheme are not paid a wage but are eligible to claim up to \$6 per week for out-of-pocket expenses (mainly fares) incurred while attending an approved program.

Under the Community Youth Support Scheme, close to 400 projects have been funded by the Government.

The Minister for Employment Industrial Relations, Mr. Street, has said that over 12,000 young unemployed people were assisted under CYSS during 1976-77 and that during 1977-78 some 31,000 young people were likely to participate in CYSS projects. Critical to these statistics is the definition of being 'assisted' and 'participate'.

An officer of the Department of Youth and Community Services, N.S.W., disagrees with the Government's statistics and argues that in N.S.W., during 1977-78, only 300 young people are involved in CYSS programs:

- The project officers report great difficulty in getting people involved, so where does the figure of 30,000 come from.¹

Many CYSS projects have suffered from a honeymoon effect: their initial impact, helped by publicity and generated expectations, has

been to attract unemployed youth, but eventually youth participants are reduced to a small core

In a public statement on CYSS, the Department of Employment and Industrial Relations reached the following conclusions:

- Project officers reported that many of the long term unemployed were set in a pattern of failure resulting from a series of job rejections. They often saw themselves as unemployable or had given up hope of finding employment.
It was also reported that unemployment had made some individuals more serious in their attempts to improve their employability. Both participants and project officers reported gains for project participants which are consistent with the aims of CYSS. These include improved self-confidence and social development, better knowledge and clearer views about future career prospects and the means for achieving them, a sense of competence from mastering new skills, support and companionship and a sense of personal effectiveness and satisfaction from the different types of voluntary work. The scheme is capable of successfully mobilising community resources in the interests of unemployed youth. Projects which lack this support tend to experience difficulties.²

This generous assessment of CYSS needs to be tempered by the limitations of the Department's preliminary evaluation of CYSS — the basis of the assessment.³ The evaluators themselves are aware of the limitations of the preliminary evaluation. The evaluation was conducted in April 1977 and the evaluators concluded that this was too short a time to measure long-term aims. For the purpose of the evaluation:

- 11 CYSS projects and 10 C.E.S. officers were visited;
- 30 project officers and 79 CYSS participants were interviewed;
- 90 unemployed youth registered with the C.E.S. were interviewed.

Originally the evaluators had planned to interview 10 participants at each CYSS project but 'low attendance or unavailability of participants' reduced the sample size from a proposed 110 to an actual 79.

The evaluators do not claim that the sample sizes are statistically representative. This is important because what the evaluators do state is that of the CYSS participants' sample:

- 85% had been with the project more than two weeks;
- 65% had been with the project more than a month;

1. R.F. Henderson (Ed.), *Youth Unemployment*, Academy of the Social Sciences in Australia, Second Symposium, 7 and 8 November, 1977.

2. *Preliminary Study of Community Youth Support Scheme*, Manpower Evaluation and Review Branch, June 1977.

3. *ibid.*

- 86% visited the project at least three or four times a week;
- 66% visited the project daily.

These percentages are percentages of 79 unemployed young people — the average number of daily attendees at the 11 CYSS projects is five unemployed youth. More comprehensive figures are available from the national evaluation of CYSS which was completed in December 1977.⁴ Based on discussions with CYSS groups and reports from other observers, it is possible to estimate that some 75% of CYSS groups each have regular contact with up to 20 young unemployed — regular meaning anything from daily contact to two or three times a week.

The evaluators of the preliminary evaluation conclude that CYSS is not concerned with employment creation, placement or training, but rather it is geared to overcoming some of the particular social personal disadvantages which reduce the employment chances of young people in the labor market.⁵

The evaluators asked the young unemployed the main reason for their being unemployed and reported that the most frequent reason given was the lack of jobs.⁶

Although CYSS is concerned with maintaining the employability of the unemployed, a clear distinction is made between employability and any possible realisation by the unemployed that they have a right to work. In particular, the Department has been concerned by the attempts of the Unemployed Workers' Union in South Australia, Victoria and Tasmania to recruit members from CYSS participants. Thus a circular was sent to all CYSS groups in South Australia with the warning:

- Recently it has come to my attention that certain groups within the community have been visiting CYSS projects in Australia and organising activities that are outside of the guidelines of the Scheme. The Community Youth Support Scheme is a broadly employment orientated scheme. All activities aimed to persuade participants to a sectional political, religious or ethical viewpoint are prohibited under CYSS guidelines. It is expected that Project Officers in particular will exercise their authority in bringing to the attention of such groups that CYSS projects are not the place for such activities.⁷

4. *Community Youth Support Scheme; National Evaluation Study*, Manpower Evaluation and Review Branch, December 1977.

5. *Preliminary Study of Community Youth Support Scheme*, Manpower Evaluation and Review Branch, June 1977.

6. *ibid.*

7. T. Gadd., Memo: *Sponsor and Project Officer, Community Youth Support Scheme*, Department of Employment and Industrial Relations, S.A., 24th February 1978.

CYSS does have an historical parallel in the Juvenile Unemployment Centres that were established in the U.K. in the 1920's. The aim of these Centres was to maintain the employability of the mass of unemployed youth. The Centres aimed at mitigating 'the risk of physical and moral deterioration' of young people by involving them 'in various forms of non-vocational handcrafts, homecraft, physical training, and organised games'.⁸

Unfortunately the Centres were unable to fulfil satisfactorily even their modest aims. Like CYSS, they were temporary measures and as such discouraged long-term planning. The teachers employed in the Centres had no security of tenure, worked in poor accommodation with inadequate equipment and found it difficult to conduct any program effectively when the number of juveniles in continuous attendance formed only a small proportion of the total involved. By the end of 1923, 75 Centres catered for only 6,500 young people out of an estimated total of 150,000 unemployed 14-18 year olds.⁹

Within the context of the other priorities and options, the Community Youth Support Scheme has been a questionable use of public funds. Within the Department of Employment and Industrial Relations there are disagreements as to the nature and future of CYSS. These disagreements centre on the issue of 'employment' versus 'welfare'. There is a view that it is impossible to separate the two when dealing with the long-term unemployed and it is natural and reasonable that CYSS projects also provide a welfare service eg. accommodation needs and eligibility for unemployment benefit. An opposite view is that CYSS should primarily concern itself with the employable unemployed and refer the unemployable unemployed to welfare agencies.

The latter view has prevailed. In June 1978 the Government released revised CYSS guidelines and, in the process:

- strengthened the employment orientation;
- prohibited social welfare work;
- banned job placement or active seeking of vacancies, and
- re-affirmed the prohibition on the production of goods for sale or activities for which a wage is normally paid.

8. W.R. Garside, 'Juvenile Unemployment and Public Policy between the Wars', in: *Economic History Review*, 30 May 1977, pp. 324 and 334.

9. *ibid*, p. 325.

10. John Holland 'New Rules for CYSS Come Under Attack', in: *The Age*, July 3, 1978, p.21.
Community Youth Support Scheme Policy and Guidelines for Local Committees, Department of Employment and Industrial Relations, July 1978.

6.

OTHER MANPOWER PROGRAMS

Youth Job Centre

The Youth Job Centre was opened in Melbourne on December 6, 1977. Throughout January 1978 similar job centres were established in other capital cities — Perth, Darwin, Adelaide and Brisbane,

Preceding this, the Brotherhood of St Laurence established its own Job Centre in Melbourne. The Brotherhood's Centre was opened in February 1977. The original function of the Centre was to help the unemployed find jobs. It became increasingly obvious, however, that there were not enough jobs and that there was a mis match between the available unemployed and the available vacancies. The Brotherhood closed the centre at the end of June 1978 and decided to concentrate its efforts on welfare rights and social policy analysis.¹

In brief, the Government's Youth Job Centres register vacancies for young unemployed and operate on a self-service basis. Vacancy cards are displayed on notice boards. The job seeker takes the card to the Centre counter. The seeker undergoes a preliminary screening by Centre staff and is asked whether the staff or the seeker will contact the employer. Confirmation of placements depends on the employer, as the job provider, confirming placement of the seeker. The cards list: job title, location, business, hours, pay, general comments, transport and job number.

By April 6, 1978, there had been 2,825 people referred to interviews by the Melbourne Job Centre, and employers had directly lodged 878 vacancies without going through a C.E.S. office. The Centres claim a higher youth placement rate than the C.E.S. Offices. Such a claim is deceptive because there is a turnover in existing vacancies. Furthermore, most placements by the Youth Job Centres would have been made by the C.E.S.²

There are many reasons for establishment of the Youth Job Centre and they include:

- to respond to employer pressure for a more efficient and effective C.E.S.;
- to strengthen links between the Government and industry;
- to demonstrate that the recommendation of the review of the C.E.S. (the Norgard inquiry) was being implemented;
- to develop the self-service concept that has already been operating at many C.E.S. offices;
- to encourage employers who have not previously used the C.E.S. to do so.

1. *Social Issues News Statement: Brotherhood Confirms its Commitment to the Unemployed*, Brotherhood of St Laurence, no. 51, 13 June 1978.

2. D. Griffiths, *Jobs without Workers*, Brotherhood of St Laurence, 1977.

The main criteria of success for the Centre is the number of employers who register vacancies.³

The establishment of the Youth Job Centres is the kind of self service development that was recommended by the Norgard review. In its report the review recommended the establishment of self-service facilities for job seekers. In recommending self-service the Norgard review was acknowledging the extensive use in Canada, Sweden and the U.K.⁴ and the C.E.S.'s own tentative self-service experiments.

In the U.K. until the 1970's the Employment Service operated much as the C.E.S. operates today and was responsible for the payment of unemployment benefits. In 1971 plans were made to replace the Employment Service with a new network of well-designed, well-located job centres. These job centres now provide information for job changers by making extensive use of self-service methods of job selection.

Canada has had Job Information Centres (JIC) since March 31, 1975. JIC's are established in Canada Manpower Centres. All job vacancies are publicly posted in printed listings or on cards by occupational category. The name of the employer is not shown. The job seeker who is interested in a particular job is then briefly interviewed by a JIC counsellor who checks that the job is still open and arranges an interview with the employer. Minimal verification is made of the job seeker's qualifications. The JIC is designed for the job-ready clients who can help themselves with the minimum of assistance. At the same time, it is recognised that it is important not to discourage job seekers who need help.⁵

Furthermore, minimum screening does have the problem of alienating employers who are already critical of the C.E.S. screening procedures. The criticism is that the C.E.S. does not adequately screen job seekers but, instead, refers many applicants to jobs. Some employers would like the C.E.S. to function similarly to private employment agencies which rigorously screen applicants and refer a select few to employers. But, then, employers pay private employment agencies when a referral is accepted for employment. The C.E.S. provides a free service to employers that is funded by the taxpayer.

3. *The Youth Job Centre - First in Australia*, Youth Employment Task Force, 30 March 1978.

4. *The Review of the Commonwealth Employment Service Report, June 1977*, AGPS, Canberra, 1977, p. 46.

5. *Report of the Standing Senate Committee on National Finance on Canada Manpower*, An examination of the Manpower Division, Department of Manpower and Immigration, 1975, August 1976.

Education Program for Unemployed Youth

In February 1977 the Minister for Employment and Industrial Relations, Mr. Street, and the Minister for Education, Senator Carrick, announced a new Federal Government program. It was announced that \$1.5 million was available for State grants during 1977 for the development and conduct of courses specially designed for the young unemployed who have educational qualifications which are low or inadequate in today's labor market conditions. The scheme started in July 1977.

EPUY courses are work oriented and aim to help unemployed youth by developing greater self-awareness and motivation, developing more effective communication skills, attaining a better awareness of the world of work and identifying a satisfying area of work and attaining minimum basic skills in the area.⁶

The majority of the courses are conducted by technical and further education institutions and are vocationally orientated. It was originally expected that courses would be concentrated and only last for a period of approximately three months. In N.S.W. the courses have been an average of six weeks. In Victoria and other states the average has been 12 weeks.

During 1977 approximately 800 young people completed at least a reasonable part of their course. Earlier it had been estimated that a total of 3,000 young people would become involved in the program. Up to June 1978 approximately 2,000 young people would have started or completed courses. By the end of the year the total number could be 5,000.

Relocation Assistance

The Relocation Assistance Scheme was established on October 1, 1976. Between then and the end of November 1977, 715 people throughout Australia had been assisted. A State breakdown is as follows:

Victoria	292
N.S.W.	154
Queensland	73
S.A.	100
W.A.	31
Tasmania	62
Northern Territory	3

At the end of November 1977, a very general average cost per relocation was \$583. The size of families is critical in determining the amount of financial assistance.

6. *Advice Document for Education Programs for Unemployed Youth in Victoria*, April 1978.

The Scheme helps unemployed people to move from one geographical area to another in their search for jobs. The kind of assistance includes re-establishment allowance; rental allowance, legal expenses, fare assistance to seek employment and fares assistance if employment is obtained.

The rationale for relocation assistance is that it facilitates economic performance through the more effective utilisation of available manpower resources. It is also associated with the implementation of regional development policies.

Another rationale for mobility grants and other such assistance for the unemployed has been explained by the Industries Assistance Commission as alleviating hardship caused by structural change.⁷

At the same time, however, the use of relocation assistance does need to be seriously questioned. Research work in the United Kingdom on the mobility assistance scheme has concluded that most people assisted would have moved anyway.⁸ Furthermore, the Swedish experience is that mobility assistance may not in fact lead to permanent relocation of workers, but rather enables them to obtain jobs.⁹

7. *Some Issues in Structural Adjustment*, Industries Assistance Commission, Canberra, September 1977, p. 2.

8. P.B. Beaumont, 'Assessing the Performance of Assisted Labour Mobility Policy in Britain', in: *Scottish Journal of Political Economy*, Vol. 24, No. 1, February 1977, pp. 55-63.

9. R. Meidner and R. Anderson, 'The Overall Impact of an Active Labor Market Policy in Sweden' in: L. Ulman (Ed.) *Manpower Programs in the Policy Mix*, The John Hopkins University Press, Baltimore and London, 1973, pp. 156-7.

7.

STATE MANPOWER INITIATIVES

In 1940, the Commonwealth Government established the Department of Labour and National Service. The principal functions of the new Department were to:

- relate to matters of general labour policy, manpower priorities, investigations of labour supply and labour demand, the effective placement of labour, technical training, industrial relations and industrial welfare, and planning for post-war rehabilitation and development.

It took several months before the new Department became properly functional. This was partly because the State Governments regarded themselves as responsible for labour policy and had established departments of labour which were engaged in activities envisaged for the new Department.² Subsequently, the State departments of labour have devoted themselves to working conditions, apprenticeships and, until recently, effectively ceded manpower programs to the Commonwealth Government. However, in an era of officially-defined full employment, Commonwealth manpower programs were limited and limiting. Since 1972 with the advent of the present unemployment crisis, a succession of new programs and policies have been developed.

The initiative for manpower programs primarily lies with the Federal Government, because only the Federal Government has the financial resources to adequately fund manpower programs.

This does not mean however, that State Governments could not and do not take the initiative in preparing and funding manpower programs. Whatever funding they provide, however, is limited and dependent on the annual funding provided by the Commonwealth Government to the States. It is also dependent on political and community priorities for funding within States. What follows is a brief summary of the main manpower initiatives of the various State Governments.

New South Wales

The New South Wales Government has established a Youth Employment Unit. The role of the Unit is to encourage employers to create jobs, complement Commonwealth Government programs, liaise with the CES, encourage self-help employability schemes, encourage community service by the unemployed, stimulate desirable innovations to programs and convene meetings of State Departments and Authorities concerned with youth unemployment.³

1. *Commonwealth Debates*, Vol. 165, 10 December 1940, pp. 691-7.

2. S.J. Butlin, *War Economy 1939-1942*, Australian War Memorial, Canberra, 1961, p. 251.

The Unit has prepared a summary of State and Commonwealth Government schemes that are aimed at encouraging employers to engage unemployed youth. This summary has been forwarded to most employer organisations and metropolitan and country newspapers. A guide has also been published, entitled 'Self-Employment and Starting a Business'. This is primarily aimed at assisting people who wish to undertake self-employment or start their business. The Unit also encourages young people to investigate the feasibility of farming employment co-operatives. The Minister for Industrial Relations is considering the formation of a co-operative as a pilot scheme.

During 1978 the NSW Government will provide over 2,000 places in pre-apprenticeship courses and 700 in pre-employment courses. In addition, a number of pre-trade courses are being conducted especially for persons of Aboriginal race.

The NSW Government has also introduced a payroll tax rebate scheme which is available for employees who:

- commenced full-time work with an employer on or after 1st October, 1977;
- were away from full-time education for at least three months prior to the date of commencing full-time employment with the employer claiming the rebate;
- had not held a full-time job previously since finishing full-time education;

The rebate is payable for up to 12 months from the date of employment with the employer claiming the rebate.

Queensland

The Queensland Government has developed a program to help young people find and retain employment — the Youth Employment Support Scheme (YESS). The first of three Centres, at Salisbury, has opened.

While these Centres are to be opened to the unemployed youth of the area in which they are located, particular emphasis is placed on young people who have come under the supervision of the Department of Welfare. The Centres will not be content with placing young people in jobs, but will also be involved in supportive contact with young workers and their employers. Job retention is seen to be as important as job placement. Young people placed in jobs are followed up by staff of the Salisbury Centre every three weeks.

3. *Youth Employment Unit — Newsletter*, Department of Labour and Industry, 4 May 1978.

State and Commonwealth Incentives to Employers for Engaging Unemployed Youth, Youth Employment Unit, January 1978.

Self Employment and Starting a Business, Youth Employment Unit, January 1978.

As part of YESS, there is also a subsidy program that will provide funds to assist proposed and existing community programs in country areas. Under the subsidy scheme, a program must offer practical assistance to unemployed young people in country areas, in preparing them for work, and/or in finding and retaining employment. In contrast CYSS projects are not permitted to become involved in job placement. This practical assistance could include the setting up or operating of self-help employment agencies, convening public meetings to generate community interest, and by supportive contact with young workers and their employers, to help defuse minor problems and thus retain jobs that could be lost.

The subsidies are to cover rent, telephone installation and rental, a limited number of telephone calls, reasonable advertising and general administrative costs. A subsidy will not be generally granted to pay wages or to help programs already being funded for similar purposes by the Commonwealth Government.⁴ At the end of September, 1978 six projects had been subsidised.

South Australia

The South Australian Government has undertaken several programs for the unemployed — A Job Creation Scheme, a Youth Work Unit, the Job Hunters Scheme and the Community Improvement through Youth Scheme.

During 1977—78 almost \$25 million will have been spent on a public sector job creation program. As of 31 March 1978, 1638 people were employed under the program. The average project is funded for 15—17 weeks. Funding can vary from \$3,000 to \$50,000. Approximately 400 organisations are being funded, including community groups. Profit-making organisations are excluded from funding. It is estimated that about 30% of workers who leave the program go into permanent employment.

A Youth Work Unit has been largely responsible for the innovative experiments. Its functions are to investigate the special need of unemployed young people, assist Government Departments and community organisations develop ways of assisting young people in the transition from school to work, provide funding for special programs for students and unemployed young people and ensure co-operation and co-ordination between Government Departments.

The Job Hunters scheme in South Australia preceded the Community Youth Support Scheme and as originally set up aimed at providing for

4. Press statement by the Honourable John Herbert, M.L.A., Minister for Welfare, 11 May 1978.

Guidelines for Subsidy Applications, Youth Employment Support Scheme. Information provided by the Executive Officers of the State Unemployment Relief Scheme, May 1978.

the maintenance and development of work skills and job hunting skills, maintaining and improving levels of confidence of unemployed young people and encouraging young people to continue seeking employment. Since its inception, the scheme has developed a welfare emphasis -- an emphasis that is being consistently opposed and discouraged by the Federal Government's Community Youth Support Scheme. There are approximately 20 projects with 35 workers under the scheme.

The most recent innovation in South Australia is the Community Improvement Through Youth (CITY) scheme. The aims of CITY are to encourage young people to engage in community improvement activities, provide opportunities for young people to feel worthwhile and gain some personal satisfaction, provide opportunities for young people to improve or maintain work habits and skills and acquire a record of work experience and demonstrate that young people can make a constructive contribution to the community. In its first six months, CITY claimed that approximately 800 young people contacted the program. Funded projects typically involve groups of between three and five unemployed youth and are usually funded for about a month. CITY funds the cost of activities such as welding and constructing equipment for community groups, building canoes and designing and constructing play equipment. Wages are not funded.⁵

As of September 1978, South Australia's programs became victims of Budget cuts. The Youth Work Unit has been closed, SURS funding has been cut and the future of the Job Hunters Scheme was in doubt.

Tasmania

The Tasmanian Government has established a Youth Support Unit originally within the Education Department, but now reporting to the Minister of Community Welfare. There is a State Youth Support Unit and three Regional Youth Support Units -- Southern, Northern and North-West.

The functions of the State and Regional Youth Support Units are, inter alia, to provide employment guidance and self-help for the young unemployed, stimulate work opportunities, encourage career education programs, arrange for further education and simulated work experience programs, promote pre-vocational courses and programs and collaborate with employers and unions.

The State Youth Support Unit has published a detailed analysis of the unemployment situation and a report on job sharing.

5. Based on information provided by the City Co-ordinator to the Author, May 1978.

An inter-departmental committee has been established and its concern is unemployment — adult and youth unemployment.⁶

It is also being proposed that a Manpower Planning Unit be established.

Victoria

On 26 October 1977 the Victorian Cabinet approved the appointment of a Youth Unemployment Standing Committee — now the Youth Employment Committee. Its terms of reference are to co-operate with the Department of Employment and Industrial Relations, co-ordinate community and self-help groups working with unemployed youth, encourage co-operation between employer groups, confer with unions, develop pilot programs, encourage the involvement of local government and encourage the provision of relevant programs in the curricula of secondary schools.

The following departments and organisations are represented on the Committee:

- Department of Youth, Sport and Recreation
- Education Department
- Department of Labour and Industry
- Social Welfare Department
- State Youth Council
- Youth Council of Victoria
- Victorian Employers' Federation
- Victorian Trades Hall Council
- Unemployed Self-Help Groups (two representatives)
- Department of Employment and Industrial Relations
- CYSS Chairpersons' Group
- Premier's Department.
- Brotherhood of St Laurence

While the Committee is broadly representative of community interests, the Committee has not been particularly successful. Since its appointment, the Committee has made a number of recommendations to the Government. Minor recommendations have been accepted, such as when the Government agreed to the employment of young persons in Government Departments under the SYETP program. Major recommendations have been ignored, e.g. a recommendation for a \$47 million job-creation training program. Dissatisfied with the Government's response to the

6. B. Folkerts, *Job Sharing*, Tasmanian Government Youth Support Scheme, 24 May, 1977.

J. Langford, *Youth Unemployment: Development and Consequences*, State Government Youth Support Scheme, September 1977.
The Youth Supporter, Nos. 1-14.

Committee, the Youth Council of Victoria has established its own unemployment task force.⁷

In August 1978, however, membership of the committee was increased and the Minister for Social Welfare assumed Chairmanship. At the same time it was announced that, as a matter of urgency, the Youth Employment Committee, would:

- Examine all resources which can be mobilised to meet the needs of young people seeking employment opportunities.
- Prepare a statement of planning policy on employment and development options for Victoria.
- Provide Cabinet with recommendations for practical programmes and strategies to minimise unemployment, particularly among young people, in all regions of Victoria utilising existing Federal, State and non-Government resources.
- Examine Commonwealth and State Government expenditure related to employment and training which could be fruitfully applied to minimising and/or meeting the consequences of structural unemployment.
- Provide on-going guidance for other bodies such as the Brotherhood of St Laurence, the Youth Council of Victoria and the Community Youth Support Scheme in developing programmes to cope with the social consequences of the changing employment situation.

With the exception of South Australia, the initiatives by the different states are small-scale, information-based and relatively ineffective in attacking unemployment. The various Units do provide a catalyst point for those in the community concerned with unemployment. It is important not to under-estimate the significance and role of community education in ultimately resolving the unemployment issue. Even so, the community education work of the States is hampered by insufficient resources.

7. *A Strategy for Development of New Education, Work and Training Opportunities suggested by the Standing Committee on Youth Unemployment. Minutes of the Youth Unemployment Standing Committee, 1st-25th meeting, 1977-1978.*
Williamson, Jim, *Some Educational Aspects of Youth Unemployment*, November 10, 1977.

8.

LOOSE THREADS

Programs Into Policy

This section aims to draw together the analysis of separate manpower programs for the purpose of developing a series of strategies in answer to the questions: How is it possible to develop an effective manpower policy from the ad hococracy of existing programs?

UNEMPLOYMENT BENEFIT AND CYSS

Irrespective of job and training needs, the most immediate need of the unemployed is financial and psychological support. In the absence of such immediate and adequate support, the unemployed will not be able to take advantage of job and training opportunities. Financially the unemployed are supported by an unemployment benefit which is below the poverty line. Obviously, then, at a minimum, benefit levels should be increased to the poverty line. Psychologically, unemployed youth are supported by the Community Youth Support Scheme. This psychological support is ambivalent. Ostensibly, the scheme aims to maintain and develop the employability of youth. But, in a situation of continuing high unemployment the period of maintenance and development could be indefinite.

The CYSS schemes vary and the best schemes acknowledge the reality of high unemployment in the foreseeable future and attempt to provide a program that is more than just concerned with employability maintenance. Part of the problem of CYSS has been short-term funding, from three to twelve months. Added to this has been the uncertainty that the Government would continue funding the scheme. The combined effect of short-term funding and the scheme's uncertain future has meant that CYSS projects have spent much of their time justifying the projects instead of planning for the long term. Funding over two and three year periods would alleviate much anxiety, enable CYSS to plan long term and to function far more effectively and relevantly. Another necessary change is to enable CYSS projects to become directly involved in job finding and placement.

The YESS scheme in Queensland and the Job Hunters scheme in South Australia are involved in job finding and placement. The idea of providing funding to enable support programs for the unemployed is valuable, but what is not so valuable is the attempt to impose and pre-determine the nature of that support. While the guidelines themselves need to be changed and broadened, they should be seen as only guidelines and not rigid formulas. In South Australia for instance, CYSS has

not funded street work programs as they are seen as outside the guidelines. Yet, funding for streetwork has been available in Victoria and New South Wales.

Senior CYSS staff have complained about projects becoming 'welfare' oriented and advised project officers to concentrate on the 'employable' unemployed. Recognition also needs to be given to the existence of unemployed adults who also need psychological support.

There are various options for CYSS:

- the scheme could be abandoned;
- it could be absorbed as a program within NEAT;
- its auspice could change from the Department of Employment to the State Education Department; or,
- it could be changed into a community service program.

JOB CREATION

The need to provide jobs for the unemployed cannot be over-estimated. While the norm in society is to work it is psychologically destructive to prepare the unemployed to accept their unemployment. To do so reinforces the assumptions that the productive majority are employed and the unproductive minority are unemployed.

As for job subsidy job creation, it has been argued that without the existence of government subsidies unemployment would have been:

- 280,000 higher in Germany
- 100,000 higher in France, and
- 1,000,000 higher in the UK¹

In the UK the Temporary Employment Subsidy Scheme (TES) has provided employers who have ten or more workers facing redundancy with a weekly subsidy of £20 payable for 12 months for each worker kept on. European government recreations to the UK's temporary employment subsidy scheme (TES) illustrate how there are political constraints on manpower programs. Up to 173,450 people are still working because of TES. Because nearly two-thirds of the saved jobs are in clothing, textiles and footwear, the EEC argues that the TES subsidy disturbs the competitive market and therefore that it should be drastically modified.²

1. Working Party on Industrial Relations, Job Security and Industrial Relations, 26 May 1977, OECD, p. 90.

2. R. Taylor, 'EEC Job Subsidies' in: New Society, 2 February 1978, Vol. 43, No. 800, p. 256.

Australia's job subsidy has certainly not been that effective in reducing unemployment. It has not created additional jobs. This does not mean, however, that such programs cannot be effective. It is necessary to know: how employers are monitored to ensure that employees are being increased and not decreased; and whether subsidised employees are still in employment six months and twelve months after the cessation of the subsidy. Answers to such questions depend on continuing and comprehensive evaluations.

The UK experience is, for example, somewhat different from Australia's. A survey of employers in September 1977 conducted by the Department of Employment revealed that three-quarters of the young people were still with their employer at the end of the subsidy period and nearly all (99%) were expected to have their employment continued.³

Perhaps Australia's job subsidy program should continue, but the subsidy should only be available when there is a real increase in employees. To establish whether or not a real increase has occurred it will be necessary to devise an appropriate measurement formula. A job subsidy program should be a short-term measure which aims at helping employers take on workers in a time of economic recession when they could not otherwise afford to do so. However, if an economic recession is long term, the effectiveness of such a subsidy is debatable and all the subsidy seems to do is to postpone the inevitable unemployment. A job subsidy program then is a bridge between times of economic stability.

100 Percent Return

The OECD experience of public sector job creation programs is that there is a return to the individual worker who is employed. But, beyond the individual worker there is a return to the community. An employed worker earning a wage is contributing to productivity and economic growth and is paying direct and indirect taxes. This has a multiplier effect, keeping other people in jobs and even creating employment possibilities.

Mukherjee argues that governments can recover as much as 100% when an unemployed person obtains work.⁴ More moderately, the Expenditure Committee of the House of Commons has concluded that the Government claims back three-fifths of the wages of an unemployed person who becomes employed. The proportion varies with the age and

3. 'Youth Employment Subsidy — some survey results' in: *Department of Employment Gazette*, Vol. 86, No. 4, April 1978, pp. 424–425.

4. *The Job Creation Program*, Seventh Report from the Expenditure Committee, Session 1976/77, Vol. 1, HMSO, London, p. xviii.

circumstances of an unemployed person — smaller in the case of a school leaver than in the case of a married man with a family.⁵

Public sector job creation is also an effective step towards the subsequent employment of the previously unemployed. A review of the job creation program in the UK by the Manpower Services Commission concluded that of 520 former employees 53% were employed and 11% were unemployed but held a job since leaving the project. The survey was undertaken in September 1977 — three months after the employees had left the job creation program. They had all been unemployed prior to their employment under the job creation program. The UK review warned, however, that it was not possible to prove that the job creation program was responsible for the subsequent employment.⁶

Writing about the USA Levitan and Taggart have argued that public sector job creation is 'the fastest and cheapest way to reduce unemployment'.⁷ The evidence for this is that simulation by the Federal Reserve Board in the USA has estimated: a billion dollar expenditure on job creation would reduce the unemployment rate .2 after one year; an equal increase in Federal Government procurement of grants to state and local governments would reduce the unemployment rate by .1; and an equal cut in personal income taxes would have no immediate impact.⁸ The OECD's McCracken Committee has argued that job creation programs could have 'a leastingly greater employment effect' than tax cuts.⁹

More than Jobs

It is not enough, however, to create jobs. The Expenditure Committee of the House of Commons in the UK has argued that training and education should form the basis of any future job creation program:

- Training and education should be planned with sensitivity and skillfully presented so as to avoid any feeling of 'going back to school'.¹⁰

5. *ibid.*, p. xix.

6. '*MSC Evaluates Job Creation*', in: *Department of Employment Gazette*, Vol. 85, No. 3, March 1977, p. 217.

7. S. Levitan and R. Taggart, *Evaluation of the First 18 months of the Public Employment Program*, prepared for the Sub-committee on Employment, Poverty and Migratory Labor of the Committee on Labor and Public Welfare, United States Senate, U.S. Government Printing Office, May 1973, p. 10.

8. *ibid.*, p. 10.

9. *Towards Full Employment and Price Stability*, OECD, June 1977, p. 205.

10. *Seventh Report from the Expenditure Committee*, *op. cit.* p. xxxii.

The Committee acknowledged that under the UK job creation program there was training on the job which provided useful technical and social skills, but that 'something more systematic needed if the unskilled are to become the semi-skilled and the needed if the unskilled are to become the semi-skilled the skilled'.¹¹

In the United States of America, the Public Employment Program has been criticised for its 'meagre training and education'. States and local authorities have complained about the lack of adequate training funds.¹² Australia's Regional Employment Development Scheme did not provide systematic training and education.

The relationship between job creation and training is difficult and critical. While job creation could be used to employ people who will eventually obtain jobs, there is no guarantee that the unskilled and semi-skilled will leave job creation programs for regular jobs. The only real guarantee for the unskilled is to provide skilled training.

Make or Real Work

The argument against job creation is that it is 'make' work as opposed to 'real' work in the private sector. There are difficulties in distinguishing between 'real' and 'make' work. It is argued that as long as workers are doing something that is useful to someone then the job is worthwhile.¹³

In consequence, Levitan and Taggart adopt what they term 'rough and ready' standards to determine the characteristics of job creation work so that a comparison can be made with the characteristics of real work.

They suggest that if the assigned functions, the equipment used, the supervision, and the jobs undertaken are comparable then the allegation of 'make' work is invalid. They point out that the distinction between 'make' and 'real' work is arbitrary. A regular and real public service job could have ended because of budget cuts. Yet, if that job reappears within a job creation program it is said to be 'make' work.¹⁴

It is also difficult to measure the relationship between job creation schemes and unemployment rates. The main reason for this is that as jobs become available more people rejoin the labour force. These are the formerly discouraged workers who left the labour force because of the unavailability of jobs and therefore did not count as being unemployed.

11. *ibid.*

12. Levitan and Taggart, *op. cit.*, p. 40.

13. *ibid.*, p. 39.

14. *ibid.*, p. 11.

It is possible to control this discouraged worker effect. By requiring the unemployed to have been registered with the CES for a certain period of time, it is possible to ensure that those most in need of jobs are employed in job creation schemes.

A further difficulty with public sector job creation is its lack of market value. Because public sector job creation does not have a market price and often provides an intangible service its productivity and contribution to economic growth is not measurable. It is really a question of the willingness of the public to fund job creation and the importance that is placed on the right to work of the unemployed.

Government job creation programs have never been universal in their application. The most vaunted public works program in the USA in the 1930's averaged between one quarter and one-third of the estimated unemployed.

At its peak the Regional Employment Development scheme in Australia employed 31,969 at the end of July 1975. But at the end of July there were 251,622 registered unemployed with the CES. Thus less than 12% of the registered unemployed were being employed under the scheme.¹⁵ In 1977 the Australian Council of Social Service proposed a job creation program for 25,000 unemployed — less than the maximum number employed under RED and proposed at a time when the unemployment rate was higher than when the RED scheme existed.¹⁶

Australia's present opposition to public sector job creation is based on the assumption that it is inflationary and a threat to private enterprise. The experience of other OECD countries is that public sector job creation is not economically disruptive, but then existing schemes are selective and small scale.

Large scale public sector job creation as envisaged by the USA's President Carter could create difficulties. The critical issue is the psychology of public sector and the private sector — a relationship discussed in the chapter on manpower programs and private enterprise. If the private sector and the community interpret public sector job creation as a threat to the private sector job creation as a threat to the private sector then, indeed, it will become a threat. The private sector will develop all the symptoms that it predicted would develop as a result of public sector job creation.

The United States has had no previous experience of the mass creation of public service jobs and the effect of such a program on the economy is uncertain. Some initial questions that need to be asked about a large job creation program would include:

- What kind of jobs will be created?
- Will the jobs be personally satisfying and socially useful?

15. *Monthly Review of the Employment Situation*, July 1975, Department of Labour and Immigration, pp. 6 and 32.

16. *Whatever Happened to Full Employment?* ACOSS, 1977.

- Will the jobs be low status, low paid jobs?
- Will the jobs incorporate training?
- If so, what will be the assumptions of this training component?
- Will the jobs compete for workers against regular employment opportunities?
- Will precautions be taken to avoid such competition?
- If there is competition, what will be the response of the union movement?
- What will be the response of the private sector?
- How will the transition from job creation jobs to regular jobs be achieved?¹⁷

While the USA's new job program is extensive it is not universal and if fully implemented would still leave at least 4 million unemployed.¹⁸

Many OECD countries have committed extensive resources to public sector job creation programs. Although the schemes are not and cannot be aimed at eliminating unemployment, they do serve to lessen the impact of unemployment on some of the unemployed.

At a minimum Australia could safely introduce a selective public sector job creation scheme. Such a scheme would be aimed primarily at helping the unemployed rather than eliminating unemployment. Moreover, the argument that government funded job creation programs are 'make' work should not be forgotten and will be discussed specifically in the chapter on manpower programs and private enterprise.

The CITY program in South Australia decisively illustrates that unemployed youth want to work and contribute to the community. At a minimum a pilot scheme for 50,000 unemployed should be introduced. This would cost approximately \$500 million, half of which would be clawed back through direct and indirect taxes and reduced benefit payments. Consideration, however, would have to be given to continuing employment in such schemes until permanent employment opportunities became available. Unfortunately this is not the situation with the SURS scheme in South Australia. Employment under SURS is for short periods.

An essential part of job creation should be pre-training, retraining and training. Pre-training is necessary because some workers have to acquire basic skills before they can take advantage of training a retraining programs. Training programs are necessary because some workers have never received any training for work. Retraining is necessary for those whose existing skills are insufficient or redundant.

A job creation program that simply kept people employed in jobs, particularly unskilled and semi-skilled jobs, without training those people,

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17. For an excellent critique of the USA proposals: *The Program for Better Jobs and Income — a Guide and a Critique*. A study prepared for the use of the Joint Economic Committee Congress of the United States, U.S. government Printing Office, Washington, 1977.
 18. D.R. Steffens, 'The Promise of Humphrey Hawkins' in: *The Nation*, Vol. 226, No. 2, 21 January 1978, pp. 50—2.

is useless. It is useless because there is already a shrinkage of unskilled and semi-skilled jobs, and the employment future of the unskilled and semi-skilled is dependent on their receiving adequate training.

NEAT AND SYEPT

NEAT, and within it SYEPT, needs to be rigorously re-assessed in terms of whether it is merely a subsidy scheme for employers and whether it is adding to the total number of jobs.

While the results of training programs seem to be positive, this positiveness needs to be qualified, however, for as Perry et al admitted, 'Average trainee post-trainings earnings fell below the poverty level.'¹⁹ Of course, this is a damaging point. That earnings have increased is desirable, but that these earnings remained below the poverty line seems to indicate a marginal achievement. In the long term, training needs to relate to the quality of jobs. Training people for jobs which are economically vulnerable, restrict transferability of experience and offer limited promotion opportunities merely postpones or continues their poverty or underemployment.

The problem with Australia's emphasis on in-plant non-institutional training is that it threatens to sell trainees, employers and society short. With an emphasis on in-plant training, trainees are trained in specific skills for specific jobs in specific firms. Such skills are not generally transferable.

On-the-job training is specific training for a specific job in a specific firm. The end result could be that a person trained in one shoe factory cannot readily transfer that skill to another shoe factory. General training, however, enables the worker to use the skills acquired at any shoe factory. Specific training limits the usefulness of trainees for other firms. Of course, on-the-job training can be specific or general or even a mixture. But, in the end on-the-job training tends to benefit the employer more than the employee. Specific training has a disciplinary effect on trainees. As they know they cannot readily secure employment without further training they are encouraged to stay put.²⁰

In-plant training tends to train people for low wage jobs and jobs that do not necessarily have a long-term economic future. This is quite pertinent to the whole poverty debate. Employment training programs that place the employed below the poverty line are a questionable achievement. It is worth remembering that in 1973 the Commission of Inquiry into Poverty found that 110,000 people were poor, despite the fact that they worked.

19. C.R. Perry, R.L. Rowan, B.E. Anderson and H.R. Northrup, op. cit., p. 76.

20. Gary Becker, *Human Capital, A Theoretical and Empirical Analysis with Special Reference to Education*, National Bureau of Economic Research, New York, 1975, pp. 19-37.

Although detailed figures are not available it is important to realise that this figure includes part-time and full-time workers.

Training, re-training and pre-training programs are the only way that the unskilled, semi-skilled and redundant skilled can be guaranteed future employment. Australia could be training more people and could be training them more effectively.

Training programs that provide pseudo-training for the unemployed merely postpone the inevitable. It is absurd for instance, to equate the training of a cashier with that of a plumber. While both jobs are equally important the training, quantitatively and qualitatively, is significantly different. There is a diminishing demand for the unskilled and semi-skilled and the failure to recognise this will prove to be doubly costly to the individuals concerned and to society.

Taking a somewhat different view however, the Commission of Inquiry into Poverty argued that:

- One of the most effective ways of ensuring that training relates closely to employment opportunities is the provision of subsidies to employers willing to provide on-the-job training. We believe there should be considerable encouragement given to employers to recruit unemployed people and give them suitable on-the-job training which enhances their future employment prospects.²¹

The argument for on-the-job training in preference to institutional training is that institutional training can be too advanced for some people who are very difficult to help. Thus with on-the-job training enables people with low level abilities and skills to obtain some training rather than no training.

Of course, criticism of existing on-the-job training programs does not in itself disprove the value of on-the-job training. It is necessary, to take into account the delivery problems of any training scheme. In Australia, it is the CES that is responsible for the delivery of the NEAT scheme. The variables involved in this are:

- the turnover of CES staff;
- the training expertise of CES staff;
- the workload of CES staff;
- the training capabilities of employers;
- the number of trainees;
- the number of CES staff working on NEAT;
- the deployment of CES trainee staff by individual CES managers;
- the follow-up of employees and employers once a trainee has been placed.

21. *Poverty in Australia*, Commission of Inquiry into Poverty, First Main Report, April 1975, AGPS, Canberra, 1975, p. 143.

In the chapter Subsidising Workers the subsidy dependency and worker substitution difficulties of SYETP were discussed. Another critical problem with SYETP is that it is supposed to provide training for the subsidised workers. The evidence is that the on-the-job training under SYETP is a euphemism for subsidising employers. The Department of Employment and Industrial Relations concedes that it receives 'a lot of letters' which claim that employers are 'abusing' SYETP. Before the Senate Estimates Committee a senior official of the Department pointed out, however, that:

- trainees under SYETP are the people who are difficult to place; it is for that reason there is this four-month time limit before they are eligible to take part in this program. That means that they are trying to get a job and it is being shown that they cannot get a job and we cannot place them. It also means that those school leavers who are acceptable can be placed in that time. So we are really looking at people who are difficult to place.²²

It is up to the employer to determine whether or not trainees are retained after the six month subsidy period:

- We do not place any obligation on the employer to keep them in employment afterwards. We just hope that a fair number of them will. Obviously, they are not all going to succeed because you are dealing with people who are low achievers anyway, but we do encourage employers to keep them on and by paying them a subsidy we hope that they will keep them on for the full six months.²³

The failure of trainees to remain in jobs is attributed to the personal failings of the trainees:

- This sounds as if the scheme is not being operated in the way intended, but when you consider the kinds of people we are dealing with, the very fact of them having a job and being able to do it means they are, in fact, getting some experience. Some of them are in a terrible situation; they have nothing to offer and therefore nobody will take them on, and therefore they never get any experience. What we say is that if an employer takes them on, whilst we ask for a training plan and hope they will train, some of them may not get very much training, but they are certainly getting some work experience which we hope will stand them in good stead if they do have to seek another job.²⁴

22. Mr. K.J. Fitzgerald, Acting First Assistant Secretary, Manpower Development and Operations, No. 1 Division.
Hansard, Senate Parliamentary Debates, 4 May 1978, pp. 280 1.

23. *ibid.*

24. *ibid.*

The argument that many unskilled and semi-skilled people are unable to benefit from institutional training depends on the institutional training available. It is tempting to opt for on-the-job training as a second best. In part, however, this opting for second best will depend on the long-term availability of unskilled and semi-skilled jobs and workers. It is increasingly possible that the number of unskilled and semi-skilled workers will exceed the number of unskilled and semi-skilled jobs. If this occurs, the only options for the unskilled and semi-skilled will be:

- to continue sharing the available unskilled and semi-skilled jobs;
- remaining permanently unemployed; or,
- training for skilled jobs.

Of these, the last option is the preferred option. But, then, the real difficulties of training unskilled and semi-skilled workers has to be accepted. This calls for the development of imaginative and innovative training programs that are initially aimed at building up the individual's self-confidence and self-esteem and helping the individual acquire basic skills. Once this pre-training has been achieved, it will be possible to train individuals for particular jobs. The Report of the Committee of Inquiry into Labour Market Training recognised and advocated the need for preliminary and preparatory training, education and counselling programs to equip people for entry into vocational training.²⁵

The Education Poverty Inquiry has warned about unsystematic on-the-job training provided, in many cases, by foremen who are not equipped to carry out the task. The Inquiry argued the need to create alternative forms of on-the-job and off-the-job training which helped low status workers gain marketable skills.²⁶ To a certain extent the acceptance of on-the-job training is an acceptance of the presumed inabilities of the unskilled and semi-skilled. The result of the presumption is that people are not given adequate opportunities through adequate pre-entry remedial education.

Similarly, the Report of the Committee of Inquiry into Labour Market Training argued that training 'can offer to the community continuing opportunities for economic and social progress', that training could be used for 'occupational upgrading' and 'provide a positive alternative to various forms of welfare support for the unemployed'.²⁷

25. *Australian Labor Market Training*, May 1974, Report of the Committee of Inquiry into Labor Market Training, AGPS, Canberra, 1974, p. 17.

26. *Poverty and Education in Australia*, Committee of Inquiry into Poverty, Fifth Main Report, December 1976, AGPS, Canberra 1976, pp. 158—9.
B. Showler, *The Public Employment Service*, Longman, London and New York, 1976, p. 89.

27. *Australian Labor Market Training*, May 1974, Report of the Committee of Inquiry into Labor Market Training, AGPS, Canberra, 1974, p. 7.

It takes between three and six years to train professional and skilled workers. Why should it not take between three and six years to undo the effects of lifelong poverty, discrimination and exploitation, to enable people to develop personally to the extent that they can contribute as much as those who have enjoyed affluence, privilege and prosperity?

The Australian emphasis on in-plant non-institutional training is in contrast to the Canadian situation. In 1975-76 Canada had 178,986 persons in full-time institutional training - 61.4% of the total trainees. The remaining trainees were 62,635 (21.5%) part-time institutional and 49,952 (17.1%) industrial.²⁸ In recent years many OECD countries have expanded their expenditure on institutional training. Canada, Finland, Denmark and Ireland, for instance, have increased expenditure on institutional training.

The emphasis on in-plant training in Australia is recent. A few years ago, most trainees received institutional training. In 1977-78 approximately 80% of trainees received on-the-job training.²⁹ Not only does this mean that the unskilled and semi-skilled are being trained for unskilled and semi-skilled jobs, it also means that the retraining opportunities for the already skilled are limited. Carr and Butler argue that this shift in resource allocation is at the expense of 'long-term members of the workforce who are now finding their occupational skills made redundant by structural change'.³⁰ Of course, a mixture of training programs is required. For the disadvantaged in particular, it is necessary to develop combined on-the-job and off-the-job training.

Furthermore, training programs that focus on training people in manufacturing could also be short term in so far as the long-term future of the manufacturing industry is concerned.³¹

It is quite clear, for instance, that a significant structural shift in employment patterns is occurring in Australia. At present, between 21% and 23% of Australia's workforce is employed in manufacturing industries. Between 1973-74 and 1975-76 the total number of people employed in manufacturing industry fell from 1,331,400 to 1,194,300 - a reduction of 137,106 workers.³² The view of the Industries Assistance

28. *Report of the Standing Senate Committee on National Finance on Canada Manpower*. An examination of the Manpower Division, Department of Manpower and Immigration, 1975, August 1976.

29. *Operational Statistics*, Department of Employment and Industrial Relations, National Employment and Training System, January 1978.

30. K.F. Carr, A. Butler, *Structural Adjustment and the Skilled Worker*. A submission to the Crawford Study Group on Structural Adjustment. The Federal Furnishing Trade Society of Australasia, March 1978, p. 23.

31. G. Bombach, *Public and Private Expenditure Patterns and their Employment Effects*, in: *Structural Determinants of Employment and Unemployment*

32. *Manufacturing Industry Employment* in: *Australian Industries Development Association Bulletin*, No. 279, November 1976, p. 11.

Commission is that there is a long-term decline in employment in manufacturing.

A final point is that the Australian inter-departmental mission on overseas manpower programs noted that too much emphasis on calculating the financial returns of training programs could lead to the exclusion of the disadvantaged who are poor economic investments in the short term.³³

The number of people being trained needs to increase. The nature of the training needs to shift from on-the-job to a mixture of institutional and on-the-job training. Supervision of training programs should increase to ensure that trainees are in fact receiving training.

The question of training and, indeed, job placement, needs to be seen in broader perspective than just filling vacancies. Placing people in jobs is relatively easy compared with keeping them in jobs. The YESS program in Queensland recognises this and its placement work is followed through with continuous counselling of individuals placed in jobs and with the employers.

Community Education

The State Government manpower initiative have primarily been to assume a community education role and to help the community to understand the nature and the issues of unemployment. Although the work is hampered by inadequate resources, some useful analysis and information has privately and publicly emerged. As the chief repository of Australian and Overseas Information on Unemployment, the Department of Employment and Industrial Relations should itself take a more active educative role. For this purpose an information unit should be established to facilitate community access to the Department's own research and analysis.

Manpower programs need to be developed in the short term and the long-term. In the short term they need to be more effective extensive and integrated. At best more, rather than all, of the unemployed should benefit from manpower programs. More, instead of all, because in a private enterprise economy massive government intervention would have unpredictable and uncontrollable repercussions for the health and future of the economy. It would seem pertinent then, to now briefly consider the private enterprise economy and its relationship manpower programs. This could help in understanding the difficulties in developing manpower programs.

33. *Report of Australian Interdepartmental Mission to Study Overseas Manpower and Industry Policies and Programs*, March 1974, AGPS, Canberra, 1974, p. 73.

9.

PRIVATE ENTERPRISE AND MANPOWER PROGRAMS

In discussing government manpower programs, it is not possible to avoid reference to the private enterprise system and private enterprise.

While this analysis has concentrated on government manpower programs, it has not ignored that private enterprise has been the target of many of these programs. The tendency to see the public sector and the private sector as separate entities is not particularly useful for it ignores their interdependent relationship.

Australia is a private enterprise economy. It is one of the few economies in which there is the least regulation of private enterprise activity. Other countries in a similar position include Japan, New Zealand, South Korea, Argentina, Chile, Canada, the United States of America, Greece, Spain and Switzerland. In other private enterprise countries there is a mixture of state ownership or direction of key industries. Countries in which this occurs include France, Italy, Sweden, Denmark, the Netherlands and West Germany.¹

The fact that the Australian economy is private enterprise indicates a preference for economic policies and manpower programs that favour the private sector rather than the public sector.

Australia is the only OECD country that is not following a policy of increased public expenditure. While not the sole explanation, the nature of our economic system is an important determinant of this policy.²

At the same time, it does need to be recognised that there is a view that it is desirable to have a slightly lower proportion of employment in the public sector and a higher proportion in the private sector in order to achieve higher total employment. The issue then becomes not the number of jobs created, but how to reach a high level of employment that is sustainable without inflation. This is the view of the Australian Government.

The dispute about manpower programs, then, stems from a dispute about the role of the State in a private enterprise economy and the appropriate relationship between the private sector and the public sector.

Government intervention is generally regarded suspiciously by private enterprise, particularly if this intervention is in an area not traditionally entered by government. But it is not only the validity and logic of the private sector's arguments that need to be acknowledged. It is also the psychological attitude and the political and economic power of the private sector. When the private sector employs 75% of the labor force, its criticisms of government policies cannot be lightly dismissed.

1. 'Socialism: Trials and Errors' in: *Time*, Vol. III, No. 11, March 13, 1978, pp. 12-15 and 17-23.

2. *An Alternative Economic Programme*, Combined Organisations for Public Sector Expenditure, October 1977.
Claude Forell, 'How Fraser's Cure Adds to the Ills' in: *The Age*, 22 June, 1978, p. 11.

While the McCracken Committee³ is concerned to argue for restraint in public expenditure, it warns that there is a danger of an over-reaction against public expenditure. Furthermore, it believes that in the future there will be a need to increase public expenditure. Failure to do so will result in inadequate services, loss of welfare, social conflict, undermined stability and will damage growth prospects. The Committee's concern is not so much with increasing public expenditure, but rather with the rate of this increase. It sees the problem of public expenditure as a failure of the community to make the connection between providing for services and paying for services. Future increases, the Committee argues, depend on the willingness of the public to bear the cost. The Committee said that there was no absolute level at which government should aim to maintain the public sector and that the particular level in particular countries would reflect national customs and institutions.

There is concern in the community that the public sector is too large, is becoming larger and that this has a harmful impact on incentive and efficiency in the private sector. It is said that the public sector competes with the private sector for resources and in doing so impairs the incentive and the efficiency of the private sector. It is being increasingly argued that the problems of high unemployment, low economic growth and high inflation are attributable to the rapid growth of the public sector and the rapid expansion of public expenditure.

In particular, it is argued that taxes have reached a level which harms individual incentive and efficiency and therefore harms community incentive and efficiency. This has led several countries to change their tax systems in an attempt to encourage incentive and productivity. Such countries include Australia, Finland, Ireland, the Netherlands, New Zealand and the United States of America.

A program of public expenditure is essential to provide a welfare, education, health and urban infrastructure of support. Without this infrastructure, economic growth suffers. The question is whether or not there is a threshold beyond which public expenditure pre-empt resources from other uses, including investment, and therefore has adverse effects on economic growth and this competition for resources can add to inflationary pressure.

A more critical issue, however, is to assess what determines the threshold and what determines the conditions under which resources are pre-empted. To understand this it is necessary to understand the factors that lead to a slowing down of economic growth, unemployment and inflation. The common characteristic is uncertainty and therefore, for example, investors choose to save instead of investing, or they invest in other countries. Their reluctance to invest is based on low profitability, better profitability elsewhere, or uncertainty about the logic of con-

3. *Towards Full Employment and Price Stability*, OECD, June 1977. The following comments are based on pp. 167-72 and 210-13 of the report.

tinuing public sector growth as it may affect their investments. Without investment, the productive and employment capacity of industry is lowered.

The issue of government intervention does need to be viewed in historical perspective. Thus private enterprise has been critical of public sector job creation programs which are said to be make-work and which are seen to divert resources from the private sector into the public sector. In the section on job creation, it was noted that Government intervention in this area has been gradual, haphazard and increasing. The theoretical justification for government manpower programs was articulated by John Maynard Keynes and has been subsequently defended and expounded by John Galbraith.

The alleged conflict between the public sector and private enterprise is often misunderstood. While there are competing views on the *relationship*, historically at least the public sector and private enterprise have played complementary roles. The initiative for much of the past increasing Government intervention has come as much from enlightened employers as it has come from trade unions and welfare interests. Private enterprise has advocated public sector intervention in the interests of private enterprise. It is, for example, in the interest of private enterprise that the public sector undertakes the organisation of the railways.

It is relevant to consider the usefulness to private enterprise of government manpower programs, and to consider whether or not much of the thinking of private enterprise is short-sighted.

The lack of pressure by private enterprise, on the Government, for more effective manpower programs is an indication of this short-sightedness. While it has been argued in this publication that some government manpower programs are directed primarily at helping private enterprise rather than unemployed individuals, the help may well be short term rather than long term. Consideration needs to be given to whether or not both private enterprise and the unemployed could benefit more from different programs.

The Government has admitted that some employers are abusing SYETP, there is little evidence that there is any real training, and the percentage of trainees who have remained in employment after the subsidy period is decreasing.⁴ In general, there is inadequate supervision of NEAT and SYETP trainees and the substantial shift from formal training to on-the-job training means that trainees are receiving specific training rather than general training.

While these programs seem to benefit private enterprise, this assumption needs to be questioned. Although employers can engage subsidised workers without training them properly this short-term advantage has long-term disadvantages. In the long term the individual employer is

4. 'Youth job scheme exploited - Street' in: *The Australian*, April 1, 1976 and 'Job training abuse related' in: *The Age*, April 28, 1978, p. 10.

disadvantaged and private enterprise is disadvantaged. The disadvantage lies in the eventual need of employers to replace staff. The better trained potential workers are, the less on-the-job training will be required when they are employed.

At the root of the issue of public sector job creation is the role of the Government as an employer, and the extent to which a government should create jobs when private enterprise is unable to do so. A further issue is whether or not such job creation programs should be universal or selective in their application.

Job creation also needs to be seen in terms of real job experience. While the Community Support Youth Scheme encourages the unemployed to obtain work experience, there is no work experience quite like the real work experience. This is the advantage that a public sector job creation scheme has over voluntary work and work experience schemes. It is not a question of replicating. It is real work. At least, this was realised in South Australia with the Government's public sector job creation program. If employers really see the need for the unemployed to improve their employability then only job creation programs can do this. To otherwise condemn the unemployed to idleness and rarified work experience is to prolong their feared unemployability. The longer people are left unemployed the harder it is to get them back into the labour force. It is also relevant to ask whether or not private enterprise has a social responsibility to take up manpower programs.

Employers can respond to economic recession by dismissing their labor force, albeit reluctantly, and creating unemployed people who then become dependent on the Government social security system, manpower programs and the efforts of private charity. It is relevant and appropriate to question whether or not employers should or could share the burden of unemployment more than they do at present. While employers can participate in manpower programs, there are other creative ways in which they can respond to an economic recession.

In Sweden, for example, the engineering company Sandvik does not sack workers or reduce investment when there is a recession. Instead, the company's whole production and marketing strategy is based on three good years followed by one or two weak years. The company retains "excess" workers in weak years and, as a result, is in a good position to take advantage of healthier business conditions.⁵

In the United Kingdom at least 70 major companies, including ICI, Rank Xerox Ltd, and IBM U.K. Ltd., are giving their managers leave of absence to assist young unemployed people to establish their own business enterprise. ICI, for instance, has helped young unemployed to set up 20 new businesses. These businesses provide services and materials which companies in the area of the business, including ICI, have had difficulty

5. Ray Hill, 'Sandvik Gears for Steady Growth' in: *International Management*, Volume 31, Number 11, November 1976, pp. 32-34.

in obtaining, for example, a furnace lining business, a timber cleaning company and a firm making wooden pallets.⁶

In Japan, approximately 25 million workers out of a total labour force of 54 million are on lifetime contracts. Under the lifetime contract, employees have a guaranteed job or a pension which the company has to pay. As a result of lifetime contracts, it has been estimated that between two million and three million redundant workers are still employed because of the cost which would be incurred by dismissing them.⁷

The need in Australia is for a public education campaign to examine the roles of and the relationship between the public sector and the private sector and the role of public expenditure. This debate about the public sector, the private sector and public expenditure cannot exist in isolation from broader political, economic and social considerations.

It is necessary to identify and clarify objectives for society and develop plans and targets for achieving these objectives. Having identified these objectives, it is a question of determining the role of the public sector and public expenditure in meeting these objectives.

Unless the debate is conducted, the role of private enterprise with manpower programs will remain unresolved.⁸

6. Gerard Tavernier, *'The Young Unemployed: Whose Responsibility?'* in: *International Management*, Volume 32, Number 12, December 1977, pp. 20-22 and 24.

7. *'Can Lifetime Employment in Japan Last'* in: *The Economist*, October 1, 1977, pp. 91-92.
'Japan's Economy Tomorrow' in: *Business Week*, Number 2519, January 20, 1978, pp. 46-47 and 50.

8. For "useful general discussion on the relationship between Government and private enterprise:
Moonman, Eric, *Reluctant Partnership. A Critical Study of the Relationship between Government and Industry*, Victor Gollancz Ltd, London, 1971.
Shonfield, Andrew, *Modern Capitalism. The Changing Balance of Public and Private Power*, Oxford University Press, 1969.

10.

MANPOWER PLANNING

In 1974 an Australian Interdepartmental Mission argued that manpower programs 'must be directed at more than securing and maintaining' full employment because 'unemployment will eventuate from time to time because of measures taken by government or by the private sector or lack of action'; and, 'There will be pockets of unemployment even in times of overall full employment.' Manpower programs 'should be capable of removing the fear of unemployment. The unemployed will not be left to languish, supported by the state, until a change in economic circumstances. Instead they will be able to turn to a range of measures to guide them into, or prepare them for, work opportunities'.¹

Manpower programs need to exist within a systematic and integrated manpower policy. Australia may have manpower programs, but it does not have a manpower policy.

The Victorian Employers' Federation has called on the Australian Government to develop a national manpower planning policy. The VEF argues that such a policy would ensure that the present high level of unemployment is not repeated. The VEF points out that Australia has many unskilled and semi-skilled people looking for work, and many qualified people looking for jobs. The VEF says Australia is one of the few developed countries which does not use manpower planning.²

The Victorian Chamber of Manufacturers has warned that Australia has reached a crisis in training of skilled tradesmen,³ and the Director of the Central Industrial Secretariat, George Polites, is critical of Government policies to date. He has said:

- For far too long manpower in this country has been looked at in the most simplistic terms of the forecasting of labor supply and demand and the selection of simple alternative courses of action designed to achieve a balance between these two.⁴

He argued that effective national manpower planning and policy-making involves a host of social, economic and political issues which have an impact on virtually every aspect of Australian society. He argued that the success of an active manpower policy will depend on:

- the effective integration and co-ordination of the totality of economic policies, plus the goodwill of governments, employers, trade unions and educationalists.

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1. *Report of Australian Interdepartmental Mission to Study Overseas Manpower and Industry Policies and Programs*, March 1974, AGPS, Canberra, 1974, p.163.
 2. D. Withington, 'Call for Manpower Plan' in: *The Herald*, 13 March 1978, p.6.
 3. *VCM File*, Victorian Chamber of Manufacturers, p.1.
 4. G. Polites, 'Manpower Policy Needed' in: *National Bank Monthly Summary*, October 1977, p.10.

Polites argued that:

- an active manpower policy must be looked at in a broad context. It must involve the application of a comprehensive mix of social and economic policies designed to achieve the maximum utilisation of the nation's human resources.⁵

In recent years the U.K. has moved towards developing a manpower policy. The Manpower Services Commission was set up on 1st January, 1974, to run the public employment and training services previously provided by the Department of Employment. The first report of the Commission said that the purpose of a comprehensive manpower policy was:

- to enable the country's manpower resources to be developed and contribute fully to economic well-being; and to ensure that there is available to each worker the opportunities and services he or she needs in order to lead a satisfying working life.⁶

The work of the Commission has been to integrate and systematise manpower programs in the U.K. The thrust for this has come from a report by a Working Party established by the Commission whose membership included employers, trade unions and government departments. The report of the Working Party, *Young People and Work*, has been adopted by the U.K. Government.⁷

As a result, the Government will spend an annual £168 million in providing opportunities for 230,000 young people a year. The two main principles of the program are:

- It will be designed in a way that meets the personal needs of individual unemployed young people seeking permanent employment; that is, responsive to the differing needs of unemployed young people in different parts of the country.
- It must in no way be more financially attractive than full-time work or damage the incentive of young people in full-time education to continue their courses.

Two kinds of opportunities will be offered under what is to be called the Youth Opportunities Program — courses designed to prepare young people for work and different kinds of work experience.⁸

5. *ibid.*, p.15.

6. *Towards a Comprehensive Manpower Policy*, Manpower Services Commission, October 1976, p.6.

7. *'New Deal' for Young People*, in: *Employment News*, No. 46, July/August 1977, pp. 2-3.

8. *ibid.*

Admittedly, however, there are difficulties in knowing what jobs are going to be available and in what supply over the next twenty years. One approach to this dilemma is to acknowledge that it is not desirable to expect too much from manpower planning. There is also a need to stop expecting that everybody will get a job that will remain viable for the rest of their working life.

This in turn depends on providing sufficient retraining opportunities so that people can change jobs.

Another approach, however, is to argue that there is a difference between planning and forecasting and that the call for planning is really a call for forecasting. Forecasting essentially involves estimating labor force needs and adapting policies accordingly. Forecasting, however, is unpredictable and changed conditions change the forecast. Planning involves forecasting, but it also involves using economic, monetary, fiscal and manpower policies to determine and realise forecasts.

In developing manpower planning, several issues need to be considered and they include:

- expenditure and unemployment relationship. The relationship between expenditure on manpower programs and the level of unemployment;
- forgotten unemployed — The tendency to focus on youth unemployment and exclude the other unemployed from priorities and programs;
- unemployment and poverty — The inability to appreciate the direct relationship between unemployment and poverty; and,
- income and jobs — The provision of jobs does not end poverty if the jobs are low-wage, low-status jobs.

Expenditure and Unemployment Relationship

The Australian Council of Social Service has estimated that expenditure on manpower programs per head of registered unemployed has decreased in Australia from \$715.1 to \$171.1 per head in the last four years.⁹

If the percentage of GNP spent on unemployment manpower policies of Australia and other OECD countries is compared it can be seen from the following table that Australia's expenditure is comparatively low.¹⁰

9. Expenditure amount is determined by adding the total payments or unemployment benefits and funding on manpower programs, divided by the number of employed: *Invest Now or Pay More Later — Priorities for Welfare in the 1978/79 Budget*, Australian Council of Social Services, April 1978, p.28.

10. *OECD Working Paper*, December 1977.

Table 4:

Expenditure on Manpower Programs x Selected Country

Country	Fiscal	Training	Temporary Employment Maintenance or Creation	Geographical Mobility	Employment Service	Handicapped	Others	Total Expenditure (a)
Australia	72-73	.01	.25	—	.03	—	—	.30
	73-74	.02	.02	—	.04	—	—	.08
	74-75	.08	.18	—	.04	—	.01	.30
	75-76	.11	.18	—	.04	—	n/a	.34
Germany	1973	.20	.18	n/a	.16	.03	.01	.56
	1974	.21	.22	n/a	.17	.04	.01	.65
	1975	.27	.35	n/a	.19	.04	.01	.87
Canada	73-74	.32	.10	.01	n/a	—	n/a	.56
	74-75	.27	.08	.01	n/a	.01	n/a	.48
	75-76	.31	.10	.01	.06	.01	.02	.51
	76-77	.29	.12	—	.06	.01	.02	.51
	77-78	.30	.17	.01	.06	.01	.04	.58
U.S.A.	72-73	.10	.13	n/a	.03	.06	.07	.40
	73-74	.08	.10	n/a	.03	.06	.06	.33
	74-75	.12	.17	n/a	.03	.07	.07	.46
	75-76	.13	.30	n/a	.03	.05	.06	.57
Sweden	72-73	.39	1.39	.04	.12	.17	n/a	2.32
	73-74	.39	1.05	.03	.14	.22	n/a	2.05
	74-75	.32	.63	.02	.14	.27	n/a	1.56
	75-76	.34	.88	.02	.16	.31	—	1.72
	76-77	.61	1.16	.02	.16	.34	—	2.29

(a) Expenditure as a percentage of GNP has decreased since 1975-76.

But, then, it is not strictly accurate to argue that Australia could reduce unemployment by simply increasing the percentage of GNP spent on employment manpower programs. The following table illustrates this:¹¹

Table 5:

**Youth Unemployment Rates
by Expenditure for Selected Countries**

Country	Youth unemployment rate 1977	Percentage of GNP spent on employment and manpower programs
Australia	10.7%	.34%
Canada	14.5%	.58%
U.S.A.	13.2%	.57%
Sweden	3.4%	2.29%

With the exception of Sweden, it can be argued that despite greater expenditure Canada and the U.S.A. have failed to reduce unemployment and have higher unemployment rates than Australia.

Another important factor is that unemployment has been high in some OECD countries for many years. This is illustrated by the following table.¹²

Table 6:

**Youth Unemployment Rates by Selected Countries
for 1965 and 1977**

Country	Youth Unemployment Rate	
	1965	1977
Australia	1.7%	10.7%
Canada	6.3%	14.5%
Finland	2.3%	14.0%
Italy	8.7%	3.5%
Sweden	2.6%	3.4%
U.K.	1.2%	13.5%
U.S.A.	9.1%	13.2%

11. For expenditure see Table 6. For unemployment rates see *OECD Economic Outlook*, December 1977.

12. *High Level Conference on Youth Unemployment, Item 4: Diagnosis Statistical Tables*, OECD, 9 November, 1977, p. 16.

An important issue is the question and relationship of full employment with high unemployment. The OECD has not officially committed itself to a full employment target. This is because there is no agreement on what unemployment rate equals full employment. This in itself is related to the belief in a natural rate of unemployment, the assumption that the unemployment level equivalent to low inflation is the natural level. Furthermore, it is somewhat precarious to attempt forecasting what unemployment rate equals full employment. Few OECD countries really believe in the possibility of eliminating involuntary unemployment. In the U.S.A., however, it is generally accepted that a 4% unemployment rate equals full employment.

In Australia there is a possibility that the unemployment rate could increase to 8% or more. The question then becomes: For Australia, what unemployment rate equals full employment?

Of particular significance, however, is the low unemployment rate in Sweden and the high percentage of GNP devoted to employment and manpower programs. It could be argued that Sweden has demonstrated that through an appropriate public expenditure program it is possible to lower the unemployment rate.

At least in rhetoric, Sweden is less tolerant of unemployment. In commenting on how the number of unemployed had increased from 1.5% (60,000) in December 1976 to 2% (95,000) in January 1977, the Swedish Minister of Labor declared that 'economic policy must give priority to the struggle against unemployment'.¹³

Forgotten Unemployed

The public debate about unemployment tends to be about youth unemployment — yet the majority of the unemployed are not young.

The Australian Bureau of Statistics' figures show that at the end of March 1978 there were 420,200 unemployed people, of whom 139,000 were 15-19 years and 281,200 were 20 years and over.¹⁴

It is important to establish why there is a focus on youth unemployment, a focus which is reflected not only by the media, but also by politicians and the community. There are a number of factors:

- The youth (15-19) unemployment rate is higher than the adult unemployment rate: 15.8% instead of 3.7%.
- Government programs have focused on highlighting and helping unemployed youth, e.g. the Community Youth Support Scheme, the Special Youth Employment Training Program and the Education Program for Unemployed Youth.

13. *Safeguarding Employment*, Ministry of Labour, February 1977.

14. *The Labor Force, May 1978 (Preliminary)*, Australian Bureau of Statistics, Catalogue No. 6203.0, 15 June, 1978.

- The high youth unemployment rate has reached such a level that middle-class children are being affected.
- The suspected and known correlation between unemployment and crime.
- The potentiality of unemployed youth to be politically radicalised.
- The tendency to be more sympathetic to the young who have yet to learn and the adults who should have learnt — the deserving young unemployed and undeserving adult unemployed.
- Pressure by employers concerned about the work ethic and employability of the young unemployed.
- The opportunity to link youth unemployment with an education system that is seen by employers to have failed industry.
- The belief that 'with an upturn in the economy people over 25, unlike people under 25, will be easily absorbed into the economy.

In a 1977 report for the Political and Economic Planning group in the U.K., Daniel and Stilgoe traced and re-interviewed people who were unemployed in 1973 and who had been interviewed for a National Survey of the Unemployed that year. They were able to trace two-thirds of the people originally interviewed. In the follow-up study they found that young people had fared better than other people in every way. They had the biggest increase in earnings, their job levels were more likely to have been upgraded and they had had more jobs. Daniels and Stilgoe concluded that the concentration on youth unemployment was a misdirected application of administrative energy and funds and that men, aged between 25 and 55, with wives and children to support faced the most financial problems.¹⁵ The Australian situation cannot necessarily be paralleled with the U.K. situation and, as already noted, when the demand for workers increases people under 25 may have more difficulty in obtaining jobs than people over 25.

In Australia, the monthly Morgan unemployment survey focuses on the needs of the married unemployed. In commenting on its December statistics, for instance, the Morgan survey said that 'only 81,000 (the same as November) of the unemployed were main breadwinners', and that 'only 65,000' of households 'had nobody employed in December either full-time or part-time'.¹⁶

15. *'Is Youth Unemployment Really the Problem?'* in: *New Society*, Vol. 42, No. 788, 10 November, 1977, pp. 287-9.

The Political and Economic Planning (P.E.P.) group was formed in 1931. It is an independent non-party organisation which published studies on government, social services and industry. Its income comes from grants made to specific studies by trusts and foundations and from subscriptions made by industry, commerce and private individuals.

16. *Unemployed Young People Rise Sharply*, The Roy Morgan Research Centre Pty. Ltd., 5 January, 1978.

Unemployment and Poverty

There is a tendency to separate the unemployment and poverty issues. Yet many of the unemployed are poor. It needs to be recognised that in an income-dependent society, a major attack on poverty would be to provide jobs for the unemployed.¹⁷ At the same time, it needs to be recognised that even in a time of full employment all the jobs in the world would not eliminate poverty.

In 1975 the Poverty Inquiry noted that in the 1930's unemployment was one of the main causes of poverty in Australia, as in other such countries. This was not the case with the poverty survey conducted for the inquiry in 1973. If that survey was conducted in 1978, the inquiry could well have noted that in the 1970's unemployment is one of the major causes of poverty.¹⁸

In discussing the relationship between poverty and manpower programs there is a need to be wary of succumbing to orthodox conclusions. The logic of the view that the unemployed are unemployed because they lack skills is to provide the unemployed with appropriate skill training. U.S.A. manpower programs that have attempted to do just this have had diverse interpretations and the argument that they have been misdirected or underfinanced has been raised. A contrary view, however, is that the failure of manpower programs to significantly help the unemployed lies in the need to restructure the economy simultaneously with training the unemployed. This issue has been described in the following way by the Poverty Inquiry:

- Training schemes will fail unless their users see real opportunities for work which is worthwhile in terms of pay, advancement and satisfaction arising out of the training program. Training which directs people to jobs which have no future is worse than useless.¹⁹

Thus the unemployment issue is an issue of poverty and the poverty issue is an issue of inequality.

So it is important to define the poor. Without such a definition it is not possible to ascertain whether or not they are being disadvantaged. In terms of the labor force the disadvantaged workers are the poorly educated, young women, some migrants, the unskilled aboriginals and those living in certain parts of the country.

17. *Poverty in Australia*, Commission of Inquiry into Poverty, First Main Report, April 1975, AGPS, Canberra, 1975, p. 146.

18. *Ibid*, p. 9.

19. *Poverty in Australia*, First Main Report, Vol. 1, April 1975, Commission of Inquiry into Poverty, AGPS, Canberra, 1975, pp. 142-3.

See also:

B. Bluestone, 'Labor Markets, Defense Subsidies and the Working Poor', in: P. Roby (Ed.), *The Poverty Establishment*, Prentice-Hall, Inc., Englewood Cliffs, New Jersey, 1974, pp. 191-210.

Unless provision is made for the disadvantaged, they become victims of a creaming-off process by which the better educated, better qualified and more experienced are enlisted into manpower programs. If this occurs then manpower programs simply replicate the creaming-off process that already occurs in the labor market — leaving the majority employed and minority unemployed. Manpower programs need to reduce segregation and stigmatisation of the disadvantaged.

Income and Jobs

An important aspect of manpower planning is to relate the jobs issue to the income issue and not treat them as separate issues.

Levitan and Taggart have argued that there is 'a need for a measurement which would consider the adequacy as well as availability of jobs which provide the income required for a minimally decent standard of living': thus questioning the assumption that any job is better than none. They propose an 'Employment and Earnings Inadequacy' (EEI) index.²⁰ Their particular concern is that labor statistics and public policy have 'focused on the unemployed, to the neglect of employed working poor who in many cases have even more serious difficulties'.²¹

Their EEI index screens out 'the unemployed with above average income' and screens in 'the working poor who are heads of families and discouraged workers who are excluded from the Current Population Survey labor force statistics'.²² They argue that the EEI index highlights the problem of low wages and they conclude that people in low wage jobs with few opportunities for advancement are in full-time, full-year jobs which do not 'guarantee a minimally adequate standard of living'.²³

The issue of manpower training, then, becomes an issue of training for what? Below poverty line wages?

Ultimately, support, job creation and training manpower programs should be integrated. They should aim at helping people obtain long-term jobs that are personally satisfying and socially useful. In particular, the criteria for integrated and effective programs should:

- take account of all age groups, employed and unemployed;
- ensure that training leads to agreed training and results;
- take account of technical, economic and social change;
- systematically plan the recruitment of people for occupations which require training;

20. S. Levitan and R. Taggart, *Employment and Earnings, Inadequacy: A New Social Indicator* The John Hopkins University Press, Baltimore and London, 1974, p. xii.

21. Ibid, p. 32.

22. Ibid, p. 89.

23. Ibid, pp. 94-5.

- relate the length of training to what has to be taught and the abilities of trainees;
- provide opportunities for later acquisition and updating of skills;
- avoid the segregation and stigmatisation of the disadvantaged;
- take account of job quality and increase alternative ways to satisfying jobs;
- involve research, evaluation, promotion and innovation;
- reach those most in need;
- be anti-inflationary and ecologically defensible;
- avoid a prescription of leisure for the unemployed;
- develop models of new relationships between workers and work; and
- provide employers and employees with a wide range of options.

Such an integrated criteria, however, presupposes manpower planning. While Australia has manpower programs, it does not have manpower planning. For manpower planning to exist there has to be explicit objectives, plans and strategies. There is a need for processes that relate and integrate societal goals and policies, economic decision-making, welfare programs and choices and manpower programs. This process needs to be public, it needs to involve the community and it needs community recognition. The most effective strategy for achieving this is the introduction of a Full Employment Act and the establishment of a Full Employment Council. Before discussing this, it is necessary to recognise that it is not possible to isolate manpower planning from economic planning. Manpower planning is dependent on economic planning and the next chapter discusses this dependence.

11.

MANPOWER PLANNING AND ECONOMIC PLANNING

If manpower planning is to be effective, it needs to be integrated with economic planning. This is, not surprisingly, a controversial and vexed issue. While private enterprise might favour manpower planning, it is not so charitable towards economic planning. Manpower planning is essentially about retraining, re-locating and employing manpower. Economic planning, however, is aimed at creating economic conditions that enable the fulfilment of manpower planning.

The relationship between manpower planning and economic planning is clearly recognised and accepted in Sweden. The Swedish Government recognises that economic policy critically affects the labor market. In recognition of this, for instance, Sweden has introduced a special tax device designed to increase private investment during recessions. During boom years firms may set aside tax-free reserves, part of which are deposited in special accounts with the Centre Bank. If the reserves are used without permission during the five years following the deposit they are subject to tax. After five years 30% may be used without any authorisation. In times of recession the Government may declare that the reserves may be used tax-free for investment purposes.

Sweden brings forward public construction investment in order to stimulate employment and reduce unemployment. The government has a stand-by program for placing public orders with industry to compensate selectively for the loss of orders caused by a recession. State subsidies may also be extended to local authorities to help them with their investments and purchasing programs.¹

In the long-term Sweden's economic policy is designed to stimulate new enterprises and new investments so that industrial capacity can be maintained and expanded. In Australia, the Industries Assistance Commission has issued a series of reports on the state of industry in Australia, and the need for structural change and adjustment. In brief, the arguments amount to a blunt warning that unless structural change and adjustment occurs then unemployment will be a long-term problem for many years. The Commission has warned that:

- increased assistance for high cost industries may prejudice more economically worthwhile activities and thus impede generation of the real wealth which determines total domestic demand and the community's ability to sustain its demand for services. The economy's capacity to meet this demand is an important determinant of its ability to sustain a high level of employment.²

1. *Active Manpower Policy in Sweden*. Fact sheets on Sweden, Swedish Institute for Cultural Relations with Foreign Countries, July 1970.

The Swedish Budget 1978/79. A summary published by the Ministry of Economics Affairs and the Ministry of the Budget, Stockholm 1978.

2. *Industries Assistance Commission Annual Report 1976-77*, AGPS, Canberra 1977, p. 20.

Policies of Australian Governments at all levels affect the structure of the economy and therefore affect employment opportunities. Examples of such policies include:

- taxation policies such as payroll tax, rebates or death duties, company tax and wealth tax;
- assistance to firms and industries such as subsidised power, credit, land or transport, and conditions imposed on the operations of industries;
- tariffs;
- import restrictions; and
- currency changes.³

Governments are called upon by economists, industry, various interest groups and the community generally to develop a series of interrelated policies such as economic policy, trade policy, industry policy and social welfare policy. It is not surprising, then, that there are conflicts between policy goals. As a consequence, the Government has to co-ordinate policies to minimise inconsistencies and minimise adverse effects.⁴ The Industries Assistance Commission has suggested that Government's need to provide clear policy frameworks within which private decision-makers can operate.⁵

Critical economic decisions will affect manpower programs and planning. In a series of reports the Industries Assistance Commission has pursued a philosophy of arguing against public subsidisation of unprofitable industry with low productivity levels -- the manufacturing industry. Somewhat deceptively, the Commission argues that structural change is "a pervasive and continuous process". This change is seen to be "an inherent consequence of "economic development". From this, the Commission talks about a process of growth and decline by which the "composition of the economy is altered "because outputs and employments of some firms and industries grow faster than others, while some may decline."⁶

This is a laissez-faire assessment policy of encouraging the market forces of the economy to grow or decline. While the Commission is aware of the issues of Government intervention, the thrust of its recommendations is towards minimal Government intervention and intervention that encourages existing structural change.⁷ But the Commission's arguments

3. *Structural Change and Economic Interdependence*, Industries Assistance Commission, July 1977, pp. 3 and 21.

4. *Some Issues in Structural Adjustment*, Industries Assistance Commission, Canberra, June 1977, p. 1.

5. *Ibid*, p. 10.

6. *Structural Change in Australia*, Industries Assistance Commission, Canberra, June 1977, p. 1.

7. *Ibid*, p. 59.

about structural change and Government intervention are deceptive because the decision not to intervene is as much a decision as the decision to intervene and has consequences as a result of that decision.

There are critics who are not so happy with the Commission's analysis and findings. Wheelwright, for instance, warns that pressures on the Australian economy to restructure are world-wide pressures. Australia, he says, is part of world capitalism and recommendations for the restructuring of the economy need to be seen as tailoring the Australian economy to the needs of world capitalism — as a supplier of raw materials and energy rather than manufactured goods.⁸ This has been the implicit and explicit message of the Industries Assistance Commission.

One of the major assumptions behind the view that a gradual and encouraged decline in manufacturing industry should be permitted is the view that alternative employment opportunities will be found in the service sector. This is by no means certain as even the service sector is experiencing the impact of technological change. Small computers are being introduced in wholesaling, retailing, banking and communications. As a result of the introduction of computerization one major retail chain in N.S.W. has doubled the number of its stores to around 30 but the staff positions have been marginally reduced.⁹

The choice about the decline in the manufacturing industry is whether or not this decline should be encouraged or discouraged. The critical issue about discouragement or the lack of encouragement is whether or not there are alternative employment opportunities. For the conservative economists this is a non-issue because, in theory, the market forces determine the number of alternative employment opportunities and any subsequent shortage of vacancies represents a natural unemployment level.

While no judgment is made about the desirability or otherwise of a further decline in manufacturing industry, not enough is known to continue to confidently and passively observe this process. The implicit and imprecise assurances of the Industries Assistance Commission about future employment prospects are neither definitive nor reassuring. Admittedly, however, imprecision is inevitable when information is imprecise.

In Europe, at least, there is increasing realisation that the various manpower initiatives are, in the end, short-term and stop-gap. In an

8. E.L. Wheelwright, *Structural Change in the World Economy: What It Means for Australia*. Address to the Labour Resource Centre Conference on Employment in the 80's, Melbourne, May, 1978.

9. P. Robson, *The Impact of Technological Change on Employment in the 1980's*. Address to the Labour Resource Centre Conference on Employment in the 80's, Melbourne, May 1978, pp. 12-13.

See also:

H. Vail, 'The Automated Office' in: *The Futurist*, Volume XII, No. 2, April 1978, pp. 73-78.

attempt to end unemployment; the European Commission is sponsoring an economic solution to unemployment: work sharing.

The aim of work sharing is to redistribute the total volume of work in the economy in order to increase employment opportunities for all those wishing to work. Work sharing initiatives being discussed include:

- reducing working hours;
- increasing holidays;
- restricting overtime and shift work;
- more part-time work; and
- lowering the retirement age.¹⁰

At the same time, it is necessary to recognise the difficulties of such proposals. Reducing working hours does not necessarily mean that employers would hire additional employees. Rather, efforts could be made to increase the productivity of existing employees through capital investment. Restricting overtime and shift work could reduce the earnings of workers who most need the penalty rates acquired through overtime and shift work. The fact is, however, the solution to unemployment is seen to lie with economic planning rather than manpower planning, or more correctly, manpower planning is an integrated part of economic planning.

For Australia, economic planning would begin with a consideration of the alternative possibilities for the economy. Before proceeding, it is important to recognise that there is a critical difference between Government intervention and Government planning. At present, there is Government intervention under which the Government reacts to crisis situations. Australia's manpower programs are an example of these kinds of reactive policies. It was not until the serious deterioration in the unemployment situation after 1972 that subsequent Governments began to investigate and establish programs.

NEAT, SYETP, CYSS and EPUY are programs introduced in response to the unemployment crisis. There are two major difficulties when programs are a reaction to economic recession. The first is that the programs may be a hasty and ill-considered response without adequate conceptualisation and without appropriate administrative arrangements being established and finalised. In part, the Community Youth Support Scheme has been a victim of Government haste and it has been admitted by the Department of Employment and Industrial Relations that part of the failure of CYSS lies in the failure of the Department to provide adequate and appropriate complementary services. The second difficulty is that programs will be seen as appropriate for crisis situations and

10. 'E.E.C. Commission Proposals on Work Sharing' in: *European Industrial Relations Review*, Number 51, March 1978.

The European Commission is the governing body of the European Community. It has 13 members — two each from the U.K., France, Germany and Italy and one each from the other member countries.

inappropriate for 'normal' situations. In fact, it is more logical for a range of programs to exist which could be expanded or contracted depending on the economic situation.

An economic planning process would involve:

- (a) the establishment of a planning process;
- (b) the preparation of a plan,
- (c) the implementation of a plan.

The next chapter discusses an appropriate planning process. While economic planning is necessary, however, the extent and nature of this planning is debatable and unresolved.¹¹

¹¹ J.K. Galbraith, *Economics and the Public Purpose*, Penguin Books, 1975.
A.H. Hansen, *The American Economy*, McGraw Hill Book Company, Inc. New York, Toronto, London, 1957, particularly pp. 132-151.
W. Kasper, *Issues in Economic Policy*, MacMillan, 1976, particularly pp. 58-61.
J.M. Keynes, *The General Theory of Employment Interest and Money*, Macmillan and Co., Limited, St. Martin's Street, London, 1942, particularly pp. 377-381.

12.

AUSTRALIAN FULL EMPLOYMENT ACT

In discussing more effective manpower programs and the need for manpower and economic planning, the discussion has focussed on short-term goals. An Australian Full Employment Act is a middle-term goal that attempts to relate and integrate social, political and economic goals. The Act should have short-term and long-term objectives:

- (a) The short-term objective should be to draw together policies and programs and supplement these with new initiatives.
- (b) The long-term objective should be to create a full employment situation. In Australian terms, this means an unemployment rate of no more than 1% of the workforce.

In defining a full employment unemployment rate it needs to be recognised, however, that there is a difference between short-term and long-term unemployment and between voluntary and involuntary unemployment. In developing policies, there is no need to be particularly concerned with people who are unemployed for only a few weeks. Furthermore, a full employment policy would only aim to eliminate involuntary unemployment.

The Full Employment Act would:

- Declare as an objective the right of all Australians able, willing and seeking work to opportunities for socially useful paid employment at fair rates of compensation.
- Establish a long-term full employment goal of 1½% adult unemployment.
- Establish a Full Employment Council which would advise the Government on objectives, targets and plans for the achievement and maintenance of full employment.
- Establish a process of long-term economic planning through the Full Employment Council.
- Write into law the responsibility of the Commonwealth Government to create the economic circumstances to guarantee the right to work.
- Require the Government to bring proposals before the Parliament which were aimed at an immediate reduction of the unemployment rate.
- Require the Government to present an annual report to Parliament detailing its policies and programs aimed at achieving full employment.

1. For a discussion of the full employment proposals for the U.S.A. A. Gartner, W. Lynch Jr, F. Riessman (Eds.), *A Full Employment Program for the 1970s*, Praeger Publishers, New York, Washington, London, 1976.
E. Currie, *The Politics of Jobs: Humphrey-Hawkins and the dilemmas of Full Employment*, in: *Socialist Revolution*, Number 32, Vol. 7, No. 2, March-April 1977, pp. 93-114.

- Require that monetary, fiscal, anti-inflation and general economic policies should be directed towards the achievement and maintenance of full employment.
- Establish the need for supplementary employment programs to bridge the gap between employment goals and the actual level of employment.
- Integrate income maintenance policies and full employment policies.¹

The objective of full employment can only be achieved by initiating a continuous consultative and decision-making process to examine current notions about unemployment and work, and the changes that must take place in the community and Government attitudes to achieve and maintain full employment. There is a need to determine how the objective can be achieved and if this necessitates Government planning then, at least, this needs to be recognised. This process must involve the Government, employers, trade unions, organisations representing the unemployed and community groups.

Discussion and dialogue must precede action. For effective dialogue there must be an effective forum which has status and is seen to have status. A Full Employment Council should be established. Membership of this Council should include:

- the Department of Employment and Industrial Relations;
- the Department of Social Security;
- the Department of Productivity;
- the Department of Education;
- manufacturers;
- primary producers;
- trade unions;
- service industries;
- community organisations;
- research and other organisations specialising in the study of manpower and unemployment issues; and
- the unemployed.

Having been established, the Council would immediately proceed to identify and clarify the disparate views on unemployment. Views on the definition of work, the experience of work and assumptions about the future of work differ. These are large and broad issues that cannot be resolved in the next few years, but it is necessary to begin the process of examining them.

It should be an agreed goal that every adult who wants to work should be able to find personally satisfying and socially useful jobs. It is not so easy to reach agreement on whether or not this is an achievable goal. There is not only disagreement on the possibility of personally satisfying and socially useful jobs for all adults. There is also disagreement about the long-term availability of enough jobs.

The dispute about availability leads people to the argument that work should be redefined, that the nexus between jobs and income should be broken and that a guaranteed minimum income should be introduced. There is much validity in these proposals for the distinction between paid and unpaid work is quite arbitrary and inconsistent, and the difference between good jobs and bad jobs is so real that manpower policies aimed at filling bad jobs are, in effect, coercive.

There are dangers in arguments, however, that hinge on the necessity of breaking the nexus between income and jobs, eliminating the stigmatisation and status differences between employed and unemployed and the introduction of a guaranteed minimum income. Without such changes, the argument that high unemployment is inevitable is an argument for permanent unemployment and permanent poverty.

It is realistic to argue that high unemployment is inevitable in the long term unless there are fundamental cultural, economic and political changes. It is realistic, likewise, to argue that there is a need to redefine work, break the nexus between jobs and income and introduce a guaranteed minimum income. But to link these long-term conceptual issues with the short-term political and economic situation of high unemployment could confuse the issue unless they are separately defined, analysed, and related.

In the short term, there is no humane alternative but to argue the right to work and full employment. In the long term, the issue is more complex and questions about the definition and future of work would need to be resolved.

Although the Full Employment Council would not be able to resolve these issues, an honest and explicit debate between members would reveal the issue conflicts and provide the basis for an ongoing theoretical development. Not long after the initiation of such a debate, the Council should investigate and report on proposals from manufacturers, primary producers, service industries and small businesses for increasing employment opportunities in their sectors. While there would be conflicting views, a consensus should be possible on many issues. The Council would consider and recommend to the Government on such issues as:

- the establishment of annual new job targets;
- the effects of investment allowances on employment;
- selective public works programs for Commonwealth, State and Local Governments;
- the consequences of introducing employment allowance or tax credits for employers;
- the effect of the abolition of the payroll tax;
- the effect of shift work on employment opportunities;
- ways of increasing the spending power of people on or close to poverty lines, including lifting of pensions and benefits to poverty

lines and ways of funding these proposals without adding to inflation, e.g. taxing family allowances, reviewing budget priorities, increasing taxation;

- the need for immediate changes in apprenticeship training and the assistance that might be required by employers to implement changes;
- the effect of high wages for junior employees as a constraint on the employment of young people;
- work sharing; some two-parent families have two jobs, others have no jobs;
- job-sharing: the economic feasibility of different people sharing the same job;
- the implications of expanding early retirement provisions;
- wage levels of young people as an obstacle to expanding employment opportunities;
- implications of a shorter working week, or year, and the effect on wages, prices and productivity;
- ways of measuring the impact on employment of applied technology and the criteria for development employment impact studies to assess the social impact of technology;
- ways of initiating long-term studies of the changing role and nature of work in a technologically advanced society;
- ways in which different groups, such as young people, women, migrants and aboriginals are affected by unemployment; and
- the geographical distribution of unemployment.

All these issues are central to the employment future. They must be examined quickly, thoroughly and publicly. Reports on these issues could be prepared for the council and, independently of the council's own views, issued as discussion papers.

Complementary to this whole process would be the restructuring of the Department of Employment and Industrial Relations. Industrial relations is concerned with the disputes and tensions in management/labour relations. It is a critically important function, but should not be the responsibility of a Department which must concentrate on the important task of getting Australians back to work by harnessing the ideas and resources of all sections of the Australian community. The industrial relations activities of the present Department should be moved across to the Department of Productivity.

The Norgard Review of the Commonwealth Employment Service recommended that a statutory authority be established, concerned only with employment and related manpower matters. It is recommended that, in addition to delivering the existing services of the C.E.S., the authority should analyse the labour market, plan programs to remedy

deficiencies and recommend them to the Government and, if approved, deliver them.²

This would still lead to confusion. The authority would never know how much of its resources should be devoted to employment service functions and how much to manpower planning and the initiation of job creation, training, retraining and work experience proposals. The two functions need to be separated. The C.E.S. should be separated from the Department of Employment and Industrial Relations and reconstituted as a statutory authority responsible for finding jobs, matching people to them and providing job and career counselling services.

The new Department of Employment would be responsible for adequately staffing the Full Employment Council. The Department would also be responsible for forward planning, analysis of the labour market and the planning and implementation of proposals that the Government decided to initiate as a result of the recommendations of the Council.

In summary, this chapter has argued that Australia needs to establish a planning process. The process selected is the introduction of a Full Employment Act and the establishment of a Full Employment Council. The eventual plan and its implementation will have to await the deliberation and decisions of the Council.

2. *The Review of the Commonwealth Employment Service*: Report, July 1977, pp. 211-215.

13.

CONCLUSION

A Full Employment Act is not a panacea but it would provide a general policy framework for the achievement of full employment. It would bring together educational, social security, economic, industrial and manpower interests.

It is not suggested, however, that the solution to unemployment is simply legislative. It is not. There is a difference, however, between symbolic and substantial legislation. Thus, in 1946 the Full Employment Act became the Employment Act in the United States of America. The change from a full employment to an employment act is of considerable significance for it, in effect, diluted and destroyed the envisaged purpose of the original act, which was to work towards establishing a situation of guaranteed full employment. Disillusionment in the U.S.A. with the failure of the Employment Act to guarantee employment has encouraged a move for a new Full Employment and Balanced Growth Act. Ostensibly, this proposed Act will attempt to achieve the results which the previous Act failed to achieve.

Unless a Full Employment Act is adopted and with it the concomitant necessity to plan, Australia will continue to drift with increasing unemployment and continue ad hoc attempts to moderate and minimise the consequences of political and economic instability. The alternative to this drifting is to accept the challenge of reshaping the economy so that it is a full employment economy. Fundamental changes in the management of the economy will be necessary so that the goal of full employment is achieved and maintained.

Debate about unemployment statistics, economic policies and the labor market are usually divorced from the human reality of unemployment: the unemployed. Yet in time the consequence of unemployment on the unemployed begins to impinge on the consciousness of the employed. There is the realisation that most of the unemployed are poor and that the acceptance of a high level of unemployment is the acceptance of permanent poverty. There is also the realisation that left to themselves the unemployed withdraw from society into a personal flight from reality or become part of a political challenge to society through groups such as the National Front and the Communist Party of Australia. There is also the realisation that unemployment and the unemployed threaten the job security of the employed and weaken the power of the unions.

In summary, the following can be said:

- Australia's manpower programs are much more active than they were five years ago;
- these programs do not constitute a systematic and integrated manpower policy;
- the programs and the absence of an integrative policy compare unfavourably with that of other OECD countries — Australia is doing less with less purpose and resources;

- Australia needs to introduce and develop manpower planning; economic planning is a prerequisite to manpower planning;
- in the short term manpower programs such as CYSS, NEAT and SYETP need to be more effective and extensive;
- in the middle term an Australian Full Employment Act and a Full Employment Council could provide the bridge between short-term responses and the long-term goals of full employment; and
- the long-term goal of full employment in a personally satisfying and socially useful job for all adult Australians able, willing and seeking work.

In the end, the issues are ethical and ideological:

- Is it desirable and possible to provide and guarantee work for everyone?
- Is the provision of work for everyone dependent on fundamental change to the political, economic and cultural system?

While it is frequently argued that Australia's manpower policies are backward, the reluctance to introduce comprehensive and integrated manpower programs is not only because of how they might be seen but also because of what might be the actual consequences of their introduction.

It is these consequences that need to be understood. Without economic planning, manpower planning is ineffective. Manpower programs cannot be isolated from their political, economic and cultural context. Until this is understood and acted upon, individual and collective efforts will be piecemeal, ad hoc and pragmatic.

Economic and manpower planning is the recognition by Government of the need to intervene in the operations of the economy to ensure the labor force is used to its maximum potential. To ensure this may require a *very different kind of society*. Fundamental beliefs, assumptions and expectations condition the possibilities for manpower and economic planning and for the elimination of unemployment.

The choice is to either continue muddling with unemployment or manage a full employment economy.

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UNEMPLOYMENT: MUDDLED OR MANAGED?

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In the short-term, existing programs need to be rigorously reassessed and reshaped. In the medium-term, a Full Employment Act should be enacted and a Full Employment Council established. In the long-term, the right to work should be unequivocally established and it be accepted that every adult has the right to personally satisfying and socially useful work.

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